THE CITY OF SAINT JOHN

1991

FINANCIAL STATEMENTS

1991

CITY OF SAINT JOHN

ELECTED OFFICIALS

Her Worship, Elsie E. Wayne, Mayor

Arthur Gould, Deputy Mayor

Joseph Coughlan, Councillor

Samuel Davis, Councillor

Hugh Fitzpatrick, Councillor

Edis A. Flewwelling, Councillor

Dennis R. Knibb, Councillor

Patricia Landers, Councillor

Kathy Rogers, Councillor

Albert A. Vincent, Councillor

M. A. Vincent, Councillor

CITY OF SAINT JOHN

SENIOR OFFICIALS

AS OF DECEMBER 31, 1991

City Manager	John Brown, B.S.Sc., M.C.I.P.
Assistant City Manager, Operations	C. Robichaud, B.Sc., Civil Eng.
Common Clerk	M. Munford
City Solicitor	F. Rodgers, B.B.A., N.B.C.L.
Commissioner of Finance	D. Wilson, B. of Comm., C.A.
Commissioner of Human Resources	P. Groody, P. Eng., M.I.R.
Police Chief	D. Sherwood
Fire Chief	R. McDevitt

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(k) The City of Saint John Pension Fund

Operating Highlights

General Fund

As a result of 1991 operations, the General Fund has been able to make significant progress in recording its liability to employees who are entitled to receive an allowance upon retirement under the various working agreements with its employees. In previous years the City had been able to gradually record this liability and at the end of 1990 had succeeded in recording its entire liability to all those employees who had 23 years of service or more. In 1991, the Fund has been able to recognize its liability to all of those employees who have 19 years of service or more with the City. While this decision resulted in an additional $1,650,000 being charged against the current year's operations, the Fund was still able to record a surplus of $765,789 for 1991.

The significance of what has transpired cannot be overstated. Governments are constantly being encouraged by the Accounting profession to ensure that their records and results of operations reflect all known liabilities, whether or not a payout of the total liability is imminent. Indeed, we expect that in the near future Governments are going to be forced to recognize these liabilities as employees become eligible for such benefits as opposed to when the actual benefits are paid. The argument for such an approach is that taxpayers should incur the cost as the benefit is earned as opposed to merely deferring it to a future generation of property owners.

As indicated, the City has made considerable progress in making provision for this liability. As at December 31, 1992, $4,909,600 has been recorded in the accounts for this liability, which will actually be paid over the next 10 to 15 years. As a result, future tax rates will not be adversely affected by the payout of this benefit.

While this is perhaps the single most significant event stemming from the operations in 1991, there are many factors which have contributed to its occurrence. In addition, there are a number of other items, particularly

in the area of the Fund's revenues, which we wish to highlight in this report.

REVENUE

In total, the General Fund received $89,093,826 in revenue, which was $198,875 less than anticipated when the budget was set. While this represents a rather small variance when compared to the total, a few items are of particular concern. Municipal Government is not immune to the effects of a sluggish economy. Nowhere is this more apparent than a review of the General Fund's revenue for 1991. Those revenue sources which one would expect to see increase and decrease as a result of the economic activity are all considerably underbudget in 1991. Licenses and building permits were short of budget by $120,455. More significant and indicative of the slower economic activity in the downtown area, is the fact that revenue from the Market Square Parking Garage, Parking Meters and Parking & Traffic Violations, in total was $326,411 less than budget.

There was, however, one source of revenue which significantly exceeded the estimate that was included in the budget. The 1991 budget for revenue to be derived from the City's landfill site was set at $531,000. Council will recall that rates were increased twice in 1991 in order that the City might recover the costs of operating the site and to gradually move the rates to a level which the City would expect to exist, once a new regional waste disposal site or system is put into operation. The rate increase resulted in the total revenue from the site amounting to $689,107 or $158,107 more than budget.

EXPENDITURES

Total expenditures including the $1,650,000 required to increase the Fund's liability for retirement allowance, amount to $88,328,037 or $964,664 less than budget. Stated differently, the Fund has expended 99% of the funds it raised from the taxpayers, or 97.1% if the additional amount recorded for the retirement allowance

is excluded. Underexpenditures occurred in a number of areas and while it is not intended to identify each variation, the more significant items are being brought to the attention of Council.

Expenditures for General Government Services amounted to $5,339,253, which was $217,415 less than budget. However, this total was net of a charge from the General Fund to the Utility for the Utility's share of General Government Services. Excluding this interfund charge, actual expenditures amounted to $6,172,688 or $551,980 less than budget.

A number of departments, such as the Mayor's Office, City Manager's, Public Relations and Finance underexpended their budgets to varying degrees. The Human Resources Department's expenditures amounted to $724,546 or $100,396 less than budget. Contributing to this underexpenditure was the fact that the cost of arbitrations was less than anticipated in 1991 and a requirement to assign available staff to other programs, including contract negotiations with all employee groups, resulted in some programs not being fully implemented.

The City's cost of occupying space in City Hall was also significantly under-budget. Actual costs amounted to $1,310,183 or $289,817 less than budget. While our cleaning and occupancy costs in the building were some $98,000 less than budget, the City also received an unexpected GST rebate of $60,000 which was not anticipated when the budget was set. Finally, a review of the previous year's records indicate that 1990 was charged with an additional month's rent paid on December 31st for January 1991. To correct this over accrual in 1990, the 1991 expenditure has been reduced by the one month's rent of $141,000.

Protective services was the only classification of General Fund Operating expenses which exceeded budget in 1991. Total expenditures amounted to $31,428,941 or $461,461 more than budget. Police Protection expenditures amounted to $14,656,980 or $313,523 more than budget. The entire amount of this overexpenditure is attributable to the decision to record the additional liability for retirement allowance. In order to record

the liability, an amount of $595,400 was charged to the Police Department. Had it not been for this additional charge, the Police Department would have been underexpended by $281,877 or 2% of its budget.

Similarly, the Fire Department was charged with a significant amount with respect to the retirement allowance issue. While its expenditures amounted to $12,665,329, just slightly in excess of budget, this was after an additional $546,000 was charged to the Department in order to increase the liability to firefighters upon retirement. Prior to this charge the Fire Department was underspent by the amount that had been provided for salary increases. As a result of the wage freeze, these increases were not paid.

It should be noted that both of these departments are very labour intensive. Combined they have in excess of 400 employees earning an average income of approximately $45,000 to $50,000. With little staff turnover and relatively high average earnings compared to other employee groups, the retirement allowance to employees of these departments is a very significant amount.

Transportation Services expenditures amounted to $20,550,402 or $963,620 less than budget. Wage increases budgeted but not paid to employees is the primary reason for this underexpenditure. However, expenditures on tires, parts and outside repairs were also underbudget by $141,000. Increased efficiencies resulting from the assignment of the City's work force contributed significantly to an underexpenditure in the Works Department of $235,000. Finally, primarily as a result of increased ridership on City buses, the requirement of the General Fund to subsidize the operating deficit of Saint John Transit was $156,221 less than budget.

Environmental Development Services expenditures amounted to $7,143,556 or $918,046 less than budget. A number of departments were slightly underexpended as a result of time pressures simply not enabling them to complete all of their planned programs in 1991. Others, such as Port Promotion, were underexpended by $74,084 as a result of rationalizing some of the activities of the department. Tourism was underspent by $185,629, largely due to the

fact the City was unable to obtain matched funding for the $80,000 it had committed to a Tourism Development Strategy, and as well, due to underexpenditures on travel, literature and wages. The Saint John Trade & Convention Centre also fared better than anticipated as a result of increased local sales efforts resulting in the City's funding being $63,371 less than budget.

Finally, within Environmental Development Service are all of the City's costs with respect to its occupancy of the Market Square Complex. Originally budgeted to be $3,350,000 based on information from the Receivers obtained in 1990, the actual expenditures amounted to $2,914,010 or $436,990 less than budget. Of this amount, $204,000 is attributable to the fact that the City received a full credit for the GST paid on common area costs. At the time the budget was set, the tax treatment of rents and common area charges was not known. The remaining $236,000 is the result of the budget having been set at levels which are provided for in the City's lease, when in fact actual expenditures incurred by the landlord were significantly less than those permitted.

Recreation & Cultural Services amounted to $8,397,032 or $243,444 less than budget. While there exists underexpenditures in a number of areas as a result of budgeted wages not being expended, some underexpenditures on goods and services also occurred. Fertilizer and playground equipment costs were underexpended by $69,000 and electricity and repairs for the City's arenas were underexpended by $32,000.

Fiscal Services amounted to $11,818,696, some $883,535 less than budget. Council will recall that upon completion of the 1990 financial statements a decision was made to charge against operations of that year an additional $800,000 of work done on capital jobs. This decision had not been contemplated when the budget was being set for 1991, thus the approved budget exceeded the amount that was required to finance the Fund's long term debt. Secondly, interest rates in 1991 have been at their lowest level in a number of years, a level which had not been contemplated when the budget was set.

Fiscal charges, excluding capital projects financed by the operating fund, but including interest and capital debt retirement with respect to the Transit Commission, amounted to $10,344,244 in 1991. This amount represents 11.7% of the Fund's total expenditures. This level is consistent with that which existed at the end of 1990, but as Council is aware, is considerably lower than the 15.7% which existed in 1985.

With respect to the City's long term borrowing, the amount owed is $33,870,260, just $52,668 more than the amount which existed one year ago. The fact that the increase is so slight at a time when the Fund is proceeding with significantly larger capital programs, illustrates that the City has been able to issue bonds at roughly the same level as those which are now reaching maturity. Amounts in excess of these levels are being financed by charges directly against operations of the current year.

Finally, it should be pointed out that the 1991 financial statements show $1,617,443 as the amount that was disbursed to the province under the Expenditure Management Act. This amount represents 4 1/2% of actual wages paid in 1990. While this amount reflects what might have been disbursed to employees had it not been for the wage freeze, other personnel costs, such as Workers' Compensation and some fringe benefits were underexpended as a result of the legislation prohibiting wage increases in 1991.

Conclusion - A review of the results of operations for the past year reveal a number of underexpenditures in almost all areas. Some, such as those in the area of Fiscal Services, City Hall and Market Square are the result of budget estimates simply being on the high side. Those underexpenditures occurring in departmental budgets in some cases are the result of the administration not being able to carry out all of its intended work programs, but more significant is the fact that the Administration continues to strive to do more with less. Finally, as a result of the imposition of the Expenditure Management Act, certain departmental personnel costs were underexpended in 1991. The net effect is that the 1991 operating results have contributed, as have the results

over the past few years, to once again positioning the City to deal with financial reporting issues facing all levels of Government. Governments are going to be forced to ensure all potential liabilities are recorded and the City has already begun to ensure that such decisions will not affect future taxpayers.

Operating Highlights

Water & Sewerage Utility

The Water & Sewerage Utility has made considerable progress in 1991 at reducing the accumulated deficit of $1,060,667 which existed on December 31, 1990. Council will recall that when the 1990 financial statements were presented, they were advised that this accumulated deficit would have to be eliminated over a three year period, beginning in 1992. While the 1992 operating budget approved by Council contained provisions that would see the beginning of this recovery, the operating results for 1991, coupled with a decision as to how we account for unbilled revenue at year end, have reduced the accumulated deficit as at December 31, 1991 to $503,250.

The most significant item of which Council should be aware is of a decision to record as income in 1991 revenue earned but unbilled as of December 31st. While the last billing in any particular year is for the November/December period, it is only for water consumed up to that date the meter was read. Meters are read for this billing period anytime between early November and late December. The result is that at any particular year end there is always unbilled revenue earned by the Utility from the date the meter was read until December 31st. In 1991, this unbilled revenue was quantified as being $389,673 and credited to operations, thereby reducing the deficit.

The accumulated deficit has also been reduced by a further $167,474, directly as a result of operating revenues exceeding operating expenditures and fiscal charges.

REVENUE

The Water & Sewerage Utility earned total revenue of $16,651,415, just $53,207 less than budget. Of this amount, $11,066,438 or 66.5% came directly from customers of the Utility, and a further $4,895,105 or 29.4% came from charges to the General Fund with respect to the provision of water for fire protection and storm sewer services. The remaining $689,872 or 4.1% is revenue provided to the Utility by the Province to assist with the repayment of debt incurred with respect to the construction of waste water treatment plants.

EXPENDITURES

Total operating expenditures amounted to $9,896,619 or $44,898 less than budget. While in total this difference is insignificant, there are events and decisions of which Council should be aware. A number of unanticipated over-expenditures occurred in 1991. Council will recall that very early in 1991 a major break occurred in the piping system running beneath the Saint John Throughway. The requirement to address this problem resulted in an unbudgeted expenditure of $130,000. Council will also recall that after the 1991 budget was established, the Utility became aware that power consumed by the Lancaster Wastewater Treatment Plant had been improperly billed. The error was corrected by the Power Commission with the result being the Utility's electrical budget being overspent in 1991 by $100,000. In addition, unanticipated breaks in the Utility's aging infrastructure resulted in the budget for Underground Materials and Street Repairs being overexpended by $155,000. Finally, as is the case in the General Fund, a decision was made to increase the liability for retirement allowances due to Utility employees. This decision resulted in an unbudgeted expenditure of $185,000 being charged against 1991 operations.

Offsetting these unanticipated expenditures were under-expenditures in a number of areas. First and most significant was the impact of the wage freeze on the Utility's operation. Unlike the General Fund, where realized savings were required to be forwarded to the Province, any savings realized by the Utility were to

remain with the Utility. The advent of the wage freeze resulted in an amount of $240,000 being underexpended in the Utility's personnel budgets.

Secondly, the Utility did not expend all of its approved funding on three specific programs. As Council is aware, the City's water supply was not fluoridated in 1991, resulting in funds for chemicals and related expenses being underexpended to the extent of $120,000. Council has also been advised during the presentation of the 1992 operating budget of the Utility that a planned rate study budgeted to cost $80,000 did not occur in 1991. A decision was made that the expenditure of these funds should wait until such time as the Utility's deficit has been reduced and negotiations are completed with those customers paying special contract rates. Finally, budgeted funds for repairs to various water tanks were underexpended to the extent of $25,000.

As was highlighted in the report on the operations of the General Fund, expenditures classified as General Government were considerably underbudget in 1991. The Utility is allocated a portion of these expenditures and as such, the amount allocated is significantly under that which was budgeted. The amount allocated to the Utility was some $334,565 less than anticipated.

Fiscal services amounted to $6,587,322 or $175,783 less than budget. However, included in the budget was an amount of $399,220, representing an undertaking by the Utility to finance capital projects directly from operations. Unfortunately, the large accumulated deficit which exists in the Utility prohibited this plan from proceeding. When this amount is removed from the fiscal services budget, it illustrates that other fiscal services were overspent by $223,437. This overexpenditure is the result of the budget containing insufficient funds to cover the Utility's short term interest costs as well as the costs of providing discounts to customers.

The financial outlook for the Utility is far better today than it was one year ago. The accumulated deficit of $503,520 as of the end of 1991 is less than 50% of that which existed at that time, and the 1992 budget which was

approved by Council provides for the recovery of a further $353,000. Should no unforeseen events such as those which have plagued the Utility in the last two years occur, the Utility may be in a position to eliminate the entire deficit which existed at the end of 1990, by the end of 1992. Should this occur, the Utility will once again be in a position to deal with the challenges of financing extensive infrastructure upgrading and wastewater treatment anticipated in the last half of the decade.

The City of Saint John General Fund

1991 Financial Statements

THE CITY OF SAINT JOHN
GENERAL FUND

Financial Statements

For the Year Ended December 31, 1991

Coopers
&Lybrand

Coopers
&Lybrand

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AUDITORS' REPORT

To Her Worship The Mayor and Members of
Common Council of the City of Saint John

We have audited the balance sheets of the Operating Fund and Capital and Loan Fund of The City of Saint John General Fund as at December 31, 1991 and the related statements of revenue and expenses and equity and statement of source and application of capital financing for the year then ended. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the General Fund of the City as at December 31, 1991 and the results of its operations and the changes in its equity for the year then ended in accordance with accounting principles generally accepted for municipalities.

Coopers & Lybrand

Chartered Accountants
March 6, 1992

Resident Partners
L. R. Coomber
J. D. Craig
H. R. Tobby
R. D. Urquhart
P. Weldon
L. G. Wetmore

The City of Saint John
General Fund
Operating Fund Balance Sheet
As at December 31, 1991

	1991 $	1990 $
ASSETS		
Cash and short-term deposits	-	75,748
Accounts receivable	1,585,571	899,567
Due from associated entities		
Water and Sewerage Utility - Capital Fund	6,265,093	5,045,053
Saint John Non-Profit Housing Incorporated	20,814	445,339
Saint John Transit Commission	-	4,611
Pension Fund of the City of Saint John	309,464	-
Due from Sinking, Reserve and Trust Funds	18,768	-
Due from Capital and Loan Fund	9,424,326	9,278,283
Inventory of materials and supplies, at the lower of cost and replacement cost	953,842	890,189
Prepaid expenses	452,825	487,503
	19,030,703	17,126,293
LIABILITIES		
Bank indebtedness	312,228	2,038,000
Cheques in circulation	3,189,932	825,338
Accounts payable and accrued charges	5,101,327	5,251,301
Accrued retirement allowance and vacation pay	6,240,088	4,248,975
Debentures matured and payable	2,800	166,800
Interest payable on long-term debt	543,548	618,769
Due to Sinking, Reserve and Trust Funds	-	19,880
Due to associated entities		
Water and Sewerage Utility - Operating Fund	547,941	1,032,469
Power Commission of The City of Saint John	1,306	-
Pension Fund of The City of Saint John	-	184,018
Saint John Parking Commission	1,581,737	1,476,346
Saint John Aquatic Centre	72,962	32,275
Total liabilities	17,593,869	15,894,171
EQUITY	1,436,834	1,232,122
	19,030,703	17,129,293

SIGNED ON BEHALF OF THE COUNCIL

Mayor

Chairman
Finance Committee

The City of Saint John
General Fund
Statement of Equity
For the Year Ended December 31, 1991

	1991 $	1990 $
EQUITY - BEGINNING OF YEAR	1,232,122	1,020,159
Add: Excess of revenue over expenses for the year	765,789	671,045
	1,997,911	1,691,204
Deduct: Excess of revenue over expenses - second previous year (note 1)	561,077	459,082
EQUITY - END OF YEAR	1,436,834	1,232,122

The City of Saint John
General Fund
Statement of Revenue and Expenses
For the Year Ended December 31, 1991

	Page Reference	1991 Budget $	1991 Actual $	1990 Actual $
Revenue				
Property and business taxes		52,620,340	52,620,340	47,229,015
Unconditional grant - Province of New Brunswick		29,917,420	29,917,420	29,024,917
Sale of goods and services	12	2,162,700	2,327,395	2,250,453
Other revenue from own sources	12	3,196,189	2,789,135	2,962,531
Conditional grants from other governments	12	748,975	752,301	764,002
Miscellaneous revenue		86,000	126,158	89,401
Excess of revenue over expenses - second previous year (note 1)		561,077	561,077	459,082
TOTAL REVENUE FOR THE YEAR		89,292,701	89,093,826	82,779,401
Expenses				
General government services	13	5,556,668	5,339,253	4,897,938
Protective services	13	30,967,480	31,428,941	28,771,185
Transportation services	14	21,514,022	20,550,402	20,434,038
Environmental health services		1,850,222	2,032,714	1,770,490
Environmental development services	14	8,061,602	7,143,556	7,355,314
Recreational and cultural services	15	8,640,476	8,397,032	7,853,746
Fiscal services	15	12,702,231	11,818,696	11,025,645
Province of New Brunswick - wage freeze		-	1,617,443	-
TOTAL EXPENSES FOR THE YEAR		89,292,701	88,328,037	82,108,356
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR		-	765,789	671,045

The City of Saint John
General Fund
Capital and Loan Fund Balance Sheet
As at December 31, 1991

	1991 $	1990 $
ASSETS		
Due from associated entities		
Saint John Transit Commission	794,770	674,569
Saint John Non Profit Housing Incorporated	278,694	341,578
	1,073,464	1,016,147
Mortgage receivable	85,500	85,500
Due from Sinking, Reserve and Trust Funds	473,000	508,600
	1,631,964	1,610,247
Investments in shares of wholly owned company, Saint John Industrial Parks Ltd., at cost	994	994
Fixed assets (notes 1 and 2)		
Land, buildings, plant and equipment and engineering structures	182,069,850	170,669,024
	183,702,808	172,280,265
LIABILITIES AND EQUITY		
Debenture Debt (note 2)	30,013,349	29,572,699
Other long-term debt (note 2)		
Canada Mortgage and Housing Corporation	1,175,105	1,276,697
Department of Regional Industrial Expansion	2,162,268	2,329,781
The Government of Canada	9,079	17,603
Municipal Development and Loan Board	2,421	2,527
	33,362,222	33,199,307
Obligation under capital lease (note 3)	508,038	618,285
Due to Operating Fund	9,424,326	9,278,283
Total liabilities	43,294,586	43,095,875
EQUITY	140,408,222	129,184,390
	183,702,808	172,280,265

The City of Saint John
General Fund
Capital and Loan Fund Statement of Equity
For the Year Ended December 31, 1991

	1991 $	1990 $
EQUITY - BEGINNING OF YEAR	129,184,390	118,123,282
Debt repaid during the year by the Operating Fund		
Debenture debt	5,836,150	5,479,483
Canada Mortgage and Housing Corporation	101,593	129,541
Department of Regional Industrial Expansion	167,513	153,824
The Government of Canada	8,524	8,002
Municipal Development and Loan Board	106	100
	6,113,886	5,770,950
Principal payments on capital leases	110,246	74,653
Capital projects financed by the Operating Fund	2,300,000	2,024,863
Contributions in aid of construction		
Provincial government	338,135	730,000
Federal government	-	310,893
	338,135	1,040,893
Transfer from the Sinking Fund	-	19,745
Proceeds on land sales in excess of estimated cost	15,090	147,130
Fixed assets purchased by the Operating Fund	2,346,475	1,982,874
EQUITY - END OF YEAR	140,408,222	129,184,390

The City of Saint John
General Fund
Statement of Source and Application of Capital Financing
For the Year Ended December 31, 1991

	1991 $	1990 $
Source		
Bond issue	6,325,000	4,550,000
Capital lease agreement	-	692,938
Contributions - Federal Government	-	310,893
- Province of New Brunswick	338,135	730,000
Reduction (increase) in amounts receivable	(21,717)	33,317
Increase in amount due to the Operating Fund	146,043	1,587,200
Fixed assets purchased by the Operating Fund	2,346,475	1,982,874
Capital projects financed by the Operating Fund	2,300,000	2,024,863
Proceeds from land sales	15,090	294,260
Transfer from the Sinking Fund	-	19,745
	11,449,026	12,226,090
Application		
Capital expenditures	11,400,826	12,181,890
Maturity of Sinking Fund Bonds	48,200	44,200
	11,449,026	12,226,090

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&Lybra

The City of Saint John
General Fund
Notes to Financial Statements
For the Year Ended December 31, 1991

1. Significant Accounting Policies

a. Financial Statement Presentation

The General Fund financial statements of The City of Saint John have been prepared in accordance with the fund basis of accounting. The Operating Fund reflects the City's working capital and results of operations and the Capital and Loan Fund reflects its investment in fixed assets and outstanding long-term debt.

b. Fixed Assets and Depreciation

Fixed assets are initially recorded at cost. Funds received through capital assistance programs, cost sharing arrangements or loan forgiveness are treated as additions to equity in capital assets, except where the asset was acquired under the Urban Renewal Program. In these cases the funds received are netted against the asset cost.

The City does not record depreciation on its fixed assets, but an amount equal to annual debt repayment is charged to operations and credited to equity in capital assets. The City also charges to operations all capital projects that are financed in the current year from operating funds.

c. Accrual Accounting

The City follows the accrual method of accounting for revenue and expenses.

d. Retirement Pay Liability

All employees upon retirement from the City of Saint John are entitled to a retirement pay bonus equal to one months pay, to a maximum of six months, for every five years of service. The City has made provision for employees currently with 19 years or more of service (1990 - 23 years).

e. Accounting for Second Previous Year's Operating Results

Section 89 of the Municipalities Act of New Brunswick requires that the excess of revenue over expense for a fiscal year be included in revenue in the second ensuing year and that similarly, the excess of expense over revenue for a fiscal year be included in expense in the second ensuing year.

The City of Saint John
General Fund
Notes to Financial Statements
For the Year Ended December 31, 1991

2. Debenture and Other Long-term Debt

Debenture and other long-term debt consists of the following:

Year of issue	Interest rate %	Term Years	1991 Balance $	1990 Balance $
1966	5.38	40	2,421	2,527
1971	9.50	20	-	75,000
1972	6.51	20	9,079	17,603
1972	8.25	20	22,499	45,000
1973	8.75	20	45,000	67,500
1974	7.22	20	13,716	19,889
1976	6.88	15	-	15,786
1976	10.50	20	431,750	518,100
1977	6.88	15	13,115	25,373
1977	9.50	20	276,000	322,000
1978	6.88	15	42,920	62,299
1978	9.50	25	70,247	73,290
1978	10.00	25	293,982	306,264
1978	10.25	15	268,000	402,000
1979	6.88	15	21,851	28,203
1979	10.00	25	29,849	30,935
1979	11.75	15	710,400	947,200
1980	6.88	15	14,403	17,435
1980	7.81	20	70,627	76,830
1980	7.86	20	192,330	209,180
1980	7.98	20	377,742	410,659
1980	8.39	20	78,359	85,060
1980	8.75	20	84,286	91,378
1980	9.50	25	380,626	393,279
1980	10.00	25	157,468	162,482
1980	13.50	15	560,000	700,000
1981	9.67	20	1,345,209	1,436,786
1982	9.50	25	52,000	53,349
1982	17.50	10	442,500	885,000
1982	17.75	10	250,000	500,000
1983	10.00	15	98,643	108,000
1983	11.50	10	1,280,200	1,920,300
1983	11.50 to 12.00	10	1,500,000	2,250,000
1984	12.75	10	1,655,000	2,119,000
1984	13.50 to 13.75	10	1,224,000	1,600,000
1985	11.25 to 11.50	10	2,000,000	2,500,000
1986	9.75 to 10.00	10	18,000	21,600
1987	10.00 to 10.50	10	1,740,000	2,030,000
1988	10.25 to 10.50	10	3,010,000	3,440,000
1989	10.25 to 10.50	10	4,160,000	4,680,000
1990	11.50 to 11.75	10	4,095,000	4,550,000
1991	7.375 to 9.375	10	6,325,000	-
			33,362,222	33,199,307

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2. Debenture and Other Long-term Debt (continued)

The aggregate amount of principal payments required in each of the next five years is as follows:

	$
1992	6,730,651
1993	6,020,832
1994	4,807,373
1995	3,503,839
1996	2,680,935

Fixed assets include $8,820,274 (1990 - $8,744,148) for which financing has not been arranged at the year end.

3. Obligation Under Capital Lease

Principal repayments on the capital lease in each of the next four years are as follows:

	$
1992	105,714
1993	120,771
1994	137,967
1995	143,586
	508,038

4. Pension Plan

Pension benefits are provided to employees of The City of Saint John under the Saint John City Pension Act, 1970. Employees contribute to the plan, which provides for service pensions based on length of service and rate of pay. The City's contribution limits are fixed by legislation at approximately seven percent of employee earnings. In addition, the City contributes $135,000 per year, to the year 1997 and $86,000 thereafter, in recognition of past service benefits. The City charges to expense its contributions, including the $135,000 on an annual basis.

5. Commitments

a. Saint John Transit Commission

During 1979, Saint John Transit Commission was created by an Act of the Legislative Assembly of New Brunswick. Under provisions of the Act the Commission has the authority to maintain and operate a public transit system within The City of Saint John, with all operating losses and debt charges being funded by the City. The City of Saint John is also liable for the debentures issued on behalf of the Commission which at December 31, 1991 amounted to $2,425,000 (1990 -$2,118,500).

5. **Commitments** (continued)

In 1979, The City of Saint John financed the acquisition of fifteen transit coaches under a capital lease agreement. Under the terms of the agreement, semi-annual lease payments of $70,103 plus provincial sales tax commenced in September of 1979 and will expire on April 1, 1995, unless certain purchase options have been exercised.

b. **Saint John Aquatic Centre**

During 1984, Saint John Aquatic Centre Commission was created by an Act of the Legislative Assembly of New Brunswick. Under provisions of the Act the Commission has the authority to maintain and operate the Canada Games Aquatic Centre with all operating losses being funded by the City.

c. **Lease Commitments**

The City of Saint John's lease on the City Hall building has annual payments of $600,000 until 1995. In addition, the City is responsible for property taxes and operational costs above fixed base amounts.

d. **Market Square Central Building Complex - Lease Agreements**

The Central Building Complex of the Market Square Project was opened to the public in May 1983. This complex includes the library, trade and convention centre, parking garage and retail and commercial space. Under the terms of three, sixty-six year leases, The City of Saint John is responsible for the proportionate share of the complex's common area operating expenses, including property taxes, related to the library, trade and convention centre and parking garage.

6. Saint John Trade and Convention Centre

The Saint John Trade and Convention Centre is owned by The City of Saint John and operated by Hilton Canada Inc. under a management agreement dated June 1, 1984. According to the terms of this agreement the City is responsible for the operating loss of the Centre.

7. Contingencies

The City of Saint John is liable for the debentures and other long-term debt issued on behalf of its self-supporting entities; The Water and Sewerage Utility, The Power Commission of The City of Saint John and The Saint John Parking Commission. The total of such debt outstanding at December 31, 1991 was $32,877,888 (1990 - $33,254,138).

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8. Restrictions on Municipal Borrowings

Section 89 of the Municipalities Act of the Province of New Brunswick restricts a municipality's borrowings for operating purposes to less than four percent of the operating budget of the municipality, and to less than two per cent of the assessed value of real property in the municipality for capital purposes. Borrowings by the General Operating Fund and the General Capital Fund are within these legislative restrictions.

The City of Saint John
General Fund
Schedule of Revenue Items
For the Year Ended December 31, 1991

	Budget 1991 $	Actual 1991 $	Actual 1990 $
Sale of Goods and Services			
Protective services			
Fire department training school	10,000	17,205	8,100
Rescue squad	16,000	20,775	15,825
Point Lepreau	12,000	12,000	12,000
Garbage collection and disposal	531,000	689,107	658,183
Recreational and cultural	1,098,700	1,039,345	995,332
Mechanical and carpentry	255,000	266,752	274,827
Sale of used vehicles	105,000	132,173	145,516
Ambulance service to other municipalities	35,000	38,238	25,776
Administrative service - Housing Operations	100,000	111,800	114,894
	2,162,700	2,327,395	2,250,453
Other Revenue From Own Sources			
Licenses and permits			
Building	550,000	442,127	468,309
Plumbing	55,000	42,311	59,176
Business and other	27,650	27,757	29,158
	632,650	512,195	556,643
Parking revenue			
Market Square Parking Garage	744,450	598,939	704,523
Parking meters	490,000	433,624	455,044
Parking and traffic violations	615,400	490,876	576,953
Motor vehicle violations	150,000	175,432	144,442
	1,999,850	1,698,871	1,880,962
Rentals			
Market	238,229	256,754	184,334
Land and buildings	325,460	321,315	340,592
	563,689	578,069	524,926
	3,196,189	2,789,135	2,962,531
Conditional Grants From Other Governments			
Federal Government and Agencies			
Residential Rehabilitation Assistance Program	-	4,772	23,617
Canada Assistance Plan	3,600	4,800	4,800
Provincial government and agencies			
Transportation services - highways	740,375	738,829	726,585
Economic Development - tourism	5,000	3,900	9,000
	748,975	752,301	764,002

The City of Saint John
General Fund
Schedule of Expense Items
For the Year Ended December 31, 1991

	Budget 1991 $	Actual 1991 $	Actual 1990 $
General Government Services			
Legislative			
Mayor's office	181,582	162,061	171,879
Council expense	226,363	267,447	213,068
General administrative			
City manager	361,108	358,320	416,195
Common clerk	278,493	280,854	249,982
Human Resources	824,942	724,546	705,133
Public relations	192,703	162,158	144,087
Solicitor	371,336	384,761	329,784
Financial management			
Administration	261,626	230,820	256,987
Accounting	623,360	599,378	505,434
Payroll	150,521	147,821	168,814
Budget control	66,752	70,558	59,486
Billings and collection	191,487	205,844	140,772
Purchasing	257,428	262,642	259,895
Common services			
City Hall building	1,600,000	1,310,183	1,325,928
Data processing services	675,577	678,188	562,853
Other general government services			
Conventions and delegations	30,000	26,170	5,606
Public liability insurance	236,000	245,047	235,290
Grants to community based organizations	195,390	55,890	51,452
	6,724,668	6,172,688	5,802,645
Deduct administrative costs allocated to the Water and Sewerage Utility	(1,168,000)	(833,435)	(904,707)
	5,556,668	5,339,253	4,897,938
Protective Services			
Police protection	14,343,457	14,656,980	13,307,032
Fire protection			
Salaries and other operating costs	12,636,848	12,665,329	11,659,643
Water supply	2,106,916	2,186,627	2,024,079
Emergency measures			
Emergency measures organization	5,200	7,190	3,967
Ambulance	242,000	270,373	244,610
Rescue services	617,468	611,162	578,660
Other protection			
Building inspection	845,591	861,280	773,194
Animal Rescue League	170,000	170,000	180,000
	30,967,480	31,428,941	28,771,185

The City of Saint John
General Fund
Schedule of Expense Items
For the Year Ended December 31, 1991

	Budget 1991 $	Actual 1991 $	Actual 1990 $
Transportation Services			
Common services			
Mechanical and carpentry	6,226,230	6,044,301	6,279,640
Less: Charges to other departments	(2,420,592)	(2,453,143)	(2,327,592)
	3,805,638	3,591,158	3,952,048
Administration	411,466	398,786	379,094
Engineering	1,081,188	1,055,701	1,016,908
Supply and Services	630,802	661,701	665,313
Road transport			
Roads and streets	8,347,748	7,948,952	7,717,506
Street lighting	834,900	855,029	722,964
Traffic services	423,281	367,846	381,356
Parking	401,513	378,444	375,001
Storm sewer	2,809,726	2,708,478	2,707,206
Public transit (note 5)			
Operating subsidy	1,915,000	1,758,779	1,760,389
Interest expense and capital debt retirement	852,760	825,528	756,253
	21,514,022	20,550,402	20,434,038
Environmental Development Services			
Administration	145,441	122,588	170,329
Research and planning	951,388	912,011	876,664
Environment and infrastructure	87,089	67,902	50,924
Real estate management	944,207	913,348	780,565
Market Square Corporation	197,200	197,200	150,424
Environment committee	4,000	3,269	5,141
Preservation Review Board	31,200	36,750	23,970
Port promotion	227,759	153,675	206,516
Economic Development	283,658	245,837	178,002
Fundy Regional Development	35,000	35,000	35,000
Saint John Trade and Convention Centre (note 6)	475,150	411,779	452,949
Market Square Common Area (note 5)	3,350,000	2,914,010	3,352,970
Tourism	901,738	716,109	658,042
City market	402,772	391,095	364,685
Public celebrations and receptions	25,000	22,983	49,133
	8,061,602	7,143,556	7,355,314

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The City of Saint John
General Fund
Schedule of Expense Items
For the Year Ended December 31, 1991

	Budget 1991 $	Actual 1991 $	Actual 1990 $
Recreational and Cultural Services			
Recreational			
Administration - recreation	415,345	401,019	357,070
Administration - parks	395,469	385,225	357,876
Community centres and halls	923,621	941,243	800,305
Athletics and aquatics	899,892	910,080	823,451
Golf course and driving range	517,515	517,839	487,785
Skating rinks and arenas	1,363,819	1,189,412	1,093,011
Amusement parks	457,530	473,151	553,653
Parks and playgrounds	2,288,706	2,219,633	2,162,392
Major Tournaments Committee	45,000	27,333	40,356
Cultural			
Administration	59,625	55,308	53,305
N. B. Museum	25,020	25,020	25,020
Saint John Free Public Library	257,874	258,113	250,063
Cherry Brook Zoo	146,250	146,250	105,000
Band concerts	22,685	22,053	19,023
Grants	822,125	825,353	725,436
	8,640,476	8,397,032	7,853,746
Fiscal Services			
Interest on long-term debt			
Debenture debt	3,350,768	3,217,625	3,297,171
Other long-term debt	335,297	280,751	390,406
Capital lease	180,000	92,041	82,531
Principal instalments			
Debenture debt	5,888,150	5,836,150	5,479,483
Other long-term debt	277,736	277,736	291,467
Capital lease	220,000	110,247	74,653
Capital projects financed by the Operating Fund			
- City projects	2,300,000	2,300,000	2,024,863
- Other associated entities	-	-	142,137
Other debt charges	132,280	53,393	-
Short-term financing costs			
- Expense	543,000	193,211	186,481
- Revenue	(525,000)	(542,458)	(943,547)
	12,702,231	11,818,696	11,025,645

The City of Saint John Water & Sewerage Utility

1991 Financial Statements

THE CITY OF SAINT JOHN
WATER AND SEWERAGE UTILITY

Financial Statements

For the Year Ended December 31, 1991

Coopers
&Lybrand

Coopers
&Lybrand

chartered accountants

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Canada E2L 4B9

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a member firm of
Coopers & Lybrand (Int

AUDITORS' REPORT

**To Her Worship the Mayor and Members of
Common Council of the City of Saint John**

We have audited the balance sheets of the Operating Fund and the Capital and Loan Fund of The City of Saint John Water and Sewerage Utility as at December 31, 1991 and the related statements of revenue and expenses and deficit and statement of source and application of capital financing for the year then ended. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the City of Saint John Water and Sewerage Utility as at December 31, 1991 and the results of its operations and the changes in its equity for the year then ended in accordance with accounting principles generally accepted for municipalities.

Coopers & Lybrand

Chartered Accountants
March 6, 1992

Resident Partners
L R Coleman
J D Craig
H R Tolley
R D Urquhart

The City of Saint John
Water and Sewerage Utility
Operating Fund Balance Sheet as at December 31, 1991

	1991 $	1990 $
ASSETS		
Accounts receivable	2,538,467	1,383,960
Due from Province of New Brunswick	681,750	1,636,369
Due from General Operating Fund	547,941	1,032,469
	3,768,158	4,052,798
LIABILITIES		
Accounts payable and accrued charges	1,212,140	3,005,754
Accrued retirement allowance and vacation pay	478,291	290,275
Interest payable on long-term debt	422,075	520,110
Due to Water and Sewerage Utility Capital and Loan Fund	2,159,172	1,297,326
	4,271,678	5,113,465
DEFICIT	(503,520)	(1,060,667)
	3,768,158	4,052,798

SIGNED ON BEHALF OF THE COUNCIL

_____

Mayor

_____

Chairman
Finance Committee

The City of Saint John
Water and Sewerage Utility
Operating Fund Statement of Deficit
For the Year Ended December 31, 1991

	1991 $	1990 $
EQUITY (DEFICIT) - BEGINNING OF YEAR	(1,060,667)	242,352
Excess revenue (expenses) for the year	557,147	(1,303,019)
(DEFICIT) - END OF YEAR	(503,520)	(1,060,667)

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The City of Saint John
Water and Sewerage Utility
Statement of Revenue and Expenses
For the Year Ended December 31, 1991

	Budget 1991 $	Actual 1991 $	Actual 1990 $
Revenue			
Charges to Customers	11,098,110	11,066,438	10,016,689
Charges to General Operating Fund			
Water supply for fire protection (note 3)	2,106,916	2,186,627	2,024,079
Storm sewerage (note 3)	2,809,726	2,708,478	2,707,206
	4,916,642	4,895,105	4,731,285
Grant, Environment New Brunswick (note 4)	689,870	689,872	689,870
	16,704,622	16,651,415	15,437,844
Expenses			
Water supply			
Purification and treatment	552,862	500,907	538,956
Transmission and distribution	2,530,941	2,787,525	2,557,540
Pumping	705,715	573,959	602,564
Sewerage collection and disposal			
Sewerage collection system	1,613,282	1,665,142	1,485,270
Sewerage treatment and disposal	1,270,925	1,479,210	1,380,952
Billing and collection	377,483	290,211	343,183
Administration and general government services (note 3)	2,890,309	2,593,616	2,466,073
Bad debts	-	6,049	2,313
	9,941,517	9,896,619	9,376,851
EXCESS OF REVENUE OVER EXPENSES BEFORE FISCAL SERVICES AND UNUSUAL ITEMS	6,763,105	6,754,796	6,060,993
Fiscal Services			
Interest on long-term debt			
Debenture debt	1,896,989	1,864,367	1,871,913
Other long-term debt	499,350	462,994	522,619
Principal instalments			
Debenture debt	3,049,650	3,049,650	2,817,150
Other long-term debt	687,896	687,896	634,133
Capital projects financed by the Operating Fund	399,220	-	-
Short-term financing costs (note 3)	230,000	522,415	232,934
	6,763,105	6,587,322	6,078,749
EXCESS REVENUE (EXPENSES) BEFORE UNUSUAL ITEMS	-	167,474	(17,756)
UNUSUAL ITEMS (note 5)	-	389,673	(1,285,263)
EXCESS REVENUE (EXPENSES) FOR THE YEAR	-	557,147	(1,303,019)

The City of Saint John
Water and Sewerage Utility
Capital and Loan Fund Balance Sheet
As at December 31, 1991

	1991 $	1990 $
ASSETS		
Fixed assets (notes 1 and 2)		
Land, buildings, transmission and distribution system, plant and equipment	99,950,081	93,627,754
Due from Water and Sewerage Utility Operating Fund	2,159,172	1,297,326
	102,109,253	94,925,080
LIABILITIES		
Debenture debt (note 2)	18,557,151	16,862,801
Other long-term debt (note 2)		
Canada Mortgage and Housing Corporation	402,166	1,549,790
Department of Regional Industrial Expansion	4,255,031	4,527,934
Municipal Development and Loan Board	251,039	262,615
	23,465,387	23,203,140
Due to General Operating Fund	6,265,093	5,045,053
Total liabilities	29,730,480	28,248,193
EQUITY	72,378,773	66,676,887
	102,109,253	94,925,080

The City of Saint John
Water and Sewerage Utility
Capital and Loan Fund Statement of Equity
For the Year Ended December 31, 1991

	1991 $	1990 $
EQUITY - BEGINNING OF YEAR	66,676,887	60,134,534
Debt repaid during the year by the Utility Operating Fund		
Debenture debt	3,049,650	2,817,150
Canada Mortgage and Housing Corporation	403,418	369,591
Department of Regional Industrial Expansion	272,902	253,556
Municipal Development and Loan Board	11,576	10,986
	3,737,546	3,451,283
	70,414,433	63,585,817
Provincial Government Contributions in aid of construction	1,597,275	2,659,930
Fixed assets purchased by the Operating Fund	367,065	431,140
EQUITY - END OF YEAR	72,378,773	66,676,887

The City of Saint John
Water and Sewerage Utility
Statement of Source and Application of Capital Financing
For the Year Ended December 31, 1991

	1991 $	1990 $
Source		
Bond issue	4,744,000	2,725,000
Contributions - Province of New Brunswick	1,597,275	2,659,930
Increase in amount due to the General Operating Fund	1,220,040	3,543,968
Fixed assets purchased by the Operating Fund	367,065	431,140
	7,928,380	9,360,038
Application		
Repayment of Canada Mortgage and Housing Corporation	744,205	-
Increase in amount due from the Operating Fund	861,846	1,992,104
Capital expenditures	6,322,329	7,367,934
	7,928,380	9,360,038

The City of Saint John
Water and Sewerage Utility
Notes to Financial Statements
For the Year Ended December 31, 1991

1. Accounting Policies

a. Financial Statement Presentation

The Water and Sewerage Utility financial statements of the City of Saint John have been prepared in accordance with the fund basis of accounting. The Operating Fund reflects the Utility's working capital and results of operations and the Capital and Loan Fund reflects its investment in fixed assets and outstanding long-term debt.

b. Fixed Assets and Depreciation

Fixed assets are initially recorded at cost. Funds received through capital assistance programs, cost sharing arrangements, or loan forgiveness are treated as additions to equity in capital assets.

The Utility does not record depreciation on its fixed assets, but an amount equal to annual debt repayment is charged to operations and credited to equity in capital assets. The Utility also charges to operations all capital projects that are financed in the current year from operating funds.

c. Retirement Pay Liability

All employees upon retirement from the City of Saint John are entitled to a retirement pay bonus equal to one month's pay, to a maximum of six months, for every five years of service. The Utility has made provision for employees currently with 19 years or more of service (1990 - 23 years).

d. Accrual Accounting

The Utility follows the accrual method of accounting for revenue and expenses.

e. Accounting for a Deficit at the End of a Fiscal Year

Section 189(4) of the Municipalities Act of New Brunswick requires that the Utility establish rates which result in a triennially balanced budget. Further, Section 189(5)(b) states that should a deficit exist at the end of a fiscal year, that deficit must be spread over a three year period commencing with the second next ensuing year.

The City of Saint John
Water and Sewerage Utility
Notes to Financial Statements
For the Year Ended December 31, 1991

2. Debenture and Other Long-term Debt

Debenture and other long-term debt consists of the following:

Year of Issue	Interest Rate %	Term Years	1991 Balance $	1990 Balance $
1965	5.38	40	23,283	24,383
1966	5.25	30	5,683	6,656
1966	5.38	40	3,636	3,796
1966	5.38	30	59,551	69,681
1966	5.38	40	218,436	227,780
1971	7.75	20	-	37,500
1971	8.25	20	-	43,722
1972	7.00	20	5,036	9,738
1972	7.13	20	6,797	9,860
1972	8.25	20	71,188	136,848
1972	8.25	20	45,001	90,001
1973	7.88	20	94,063	135,918
1973	8.75	20	100,000	150,000
1975	7.12	30	2,760,008	2,873,291
1975	7.61	20	8,673	10,472
1975	7.64	20	24,492	29,567
1975	7.70	20	20,265	24,459
1976	10.50	20	518,250	621,900
1977	7.50	15	41,090	79,262
1977	9.50	20	204,000	238,000
1977	10.38	15	54,425	103,615
1978	10.25	15	132,000	198,000
1979	6.72	20	683	746
1979	7.02	20	10,798	11,781
1979	7.31	20	200,684	218,711
1979	7.73	20	350,837	381,754
1979	7.78	20	16,923	18,411
1979	7.81	15	102,303	131,590
1979	7.90	20	73,363	79,779
1979	8.05	20	55,017	59,795
1979	8.12	19	45,545	50,248
1979	8.20	20	33,718	36,627
1979	8.57	20	10,498	11,389
1979	8.71	20	501,154	543,402
1979	8.92	20	33,273	36,051
1979	11.75	15	249,600	332,800
1980	10.00	15	-	889,116
1980	10.00	20	76,814	81,891

2. Debenture and Other Long-term Debt (continued)

Year of Issue	Interest Rate %	Term Years	1991 Balance $	1990 Balance $
1980	13.50	15	560,000	700,000
1982	17.50	10	180,000	360,000
1982	17.75	10	290,000	580,000
1983	11.50	10	102,800	154,200
1983	11.75 to 12.00	10	300,000	450,000
1984	12.75	10	390,000	520,000
1984	13.25 to 13.75	10	300,000	400,000
1985	11.25 to 11.50	10	800,000	1,000,000
1986	9.75 to 10.00	10	1,547,000	1,856,400
1987	10.00 to 10.50	10	1,902,000	2,219,000
1988	10.25 to 10.50	10	1,260,000	1,440,000
1989	10.25 to 10.50	10	2,480,000	2,790,000
1990	11.50 to 11.75	10	2,452,500	2,725,000
1991	7.375 to 9.375	10	4,744,000	-
			23,465,387	23,203,140

The aggregate amount of principal payments required on the Utility's long-term debt in each of the next five years is as follows:

	$
1992	4,117,311
1993	3,470,442
1994	3,141,517
1995	2,830,567
1996	2,294,404

Fixed assets include $4,643,260 (1989 - $3,747,727) for which financing has not been arranged at the year end.

3. Transactions with the General Operating Fund

The Water and Sewerage Utility operating fund reimburses the general operating fund of The City of Saint John for a portion of the general government operating costs. In addition, a charge is made to the general operating fund for storm sewerage charges and water supply for fire protection. Interest is also charged on the balances between the General Fund and the Water and Sewerage Utility on a monthly basis.

The City of Saint John
Water and Sewerage Utility
Notes to Financial Statements
For the Year Ended December 31, 1991

4. Grant, Environment New Brunswick

The Utility receives annual grants from the Province of New Brunswick to offset financing costs related to the construction of sewerage treatment plants. These grants continue for a period corresponding to the term of the long-term debt issued to finance the construction.

The level of assistance is diminishing and will be eliminated by 1995.

5. Unusual Items

Unusual items consists of the following:

		1991 $	1990 $
1)	Consistent with the Utility's policy of following the accrual method of accounting for revenue, the Utility has recorded an estimate of revenue from metered customers, which had not been billed as at December 31	389,673	
2)	Billing received from the Power Commission of the City of Saint John for power consumed but not invoiced in prior years	-	176,807
3)	Refund due to New Brunswick Power for amounts overbilled	-	1,108,456
		389,673	1,285,263

The City of Saint John Sinking, Reserve & Trust Funds

1991 Financial Statements

THE CITY OF SAINT JOHN
SINKING, RESERVE AND TRUST FUNDS

Financial Statements

For the Year Ended December 31, 1991

Coopers
&Lybrand

Coopers
&Lybrand

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Coopers & Lybrand (intern

AUDITORS' REPORT

**To Her Worship the Mayor and Members of
Common Council of the City of Saint John**

We have audited the balance sheet of the Sinking, Reserve and Trust Funds of The City of Saint John as at December 31, 1991 and the related statement of changes in equity for the year then ended. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Sinking, Reserve and Trust Funds of the City as at December 31, 1991 and the changes in their equity for the year then ended in accordance with generally accepted accounting principles.

Coopers & Lybrand

Chartered Accountants

Resident Partners
L R Cosman
J D Craig
H R Tobby
R D Urquhart
P Washer

The City of Saint John
Sinking, Reserve and Trust Funds
Balance Sheet
As at December 31, 1991

	Reserve Funds			Trust Funds										
	Machinery and Equipment Depreciation Fund $	Airspace 2049 Fund $	S.J. N.P.H. Sinking Fund $	Land Sub-Division Fund $	Tucker Fund $	Recreation Develop-ment Fund $	Stockford Memorial Fund $	O'Connell Fund $	L.R. Ross Fund $	A. Carle Smith Fund $	Centennial Fund $	S.J.N.P.H. Future Develop-ment Fund $	Total 1991 $	Total 1990 $
ASSETS														
Cash	490	-	20,327	1,264	820	563	746	901	248	878	-	24,511	50,748	58,131
Term deposits and bonds, at cost	284,027	-	569,717	591,951	111,000	56,482	96,000	52,992	21,699	17,000	753	720,987	2,522,608	2,310,659
Accrued interest	621	-	222	2,357	363	629	270	197	108	38	10	280	5,095	14,924
Marketable securities, at market	-	62,102	-	-	-	-	-	-	-	-	-	-	62,102	49,244
Land improvements	-	-	-	11,937	4,784	-	-	-	-	-	-	-	16,721	4,784
Due from General Operating Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	19,920
	285,138	62,102	590,266	607,509	116,967	57,674	97,016	54,090	22,055	17,916	763	745,778	2,657,274	2,457,662
LIABILITIES AND EQUITY														
Due to General Operating Fund	-	-	-	-	-	-	-	-	-	-	-	18,768	-	40
Due to General Capital and Loan Fund	-	-	473,000	-	-	-	-	-	-	-	-	-	473,000	508,600
Equity	285,138	62,102	117,266	607,509	116,967	57,674	97,016	54,090	22,055	17,916	763	727,010	2,184,274	1,949,022
	285,138	62,102	590,266	607,509	116,967	57,674	97,016	54,090	22,055	17,916	763	745,778	2,657,274	2,457,662

SIGNED ON BEHALF OF THE COUNCIL

Mayor

Chairman
Finance Committee

Coopers & Lybrand

The City of Saint John
Sinking, Reserve and Trust Funds
Statement of Changes in Equity
For the Year Ended December 31, 1991

	Reserve Funds			Trust Funds										
	Machinery and Equipment Depreciation Fund $	Airspace 2049 Fund $	S.J. N.P.H. Sinking Fund $	Land Sub-Division Fund $	Tucker Fund $	Recreation Develop-ment Fund $	Stockford Memorial Fund $	O'Connell Fund $	L.R. Ross Fund $	A. Carle Smith Fund $	Centennial Fund $	S.J.N.P.H. Future Develop-ment Fund $	Total 1991 $	Total 1990 $
INCREASE IN EQUITY														
Interest	15,890	-	54,954	58,144	10,781	8,663	9,345	5,159	2,090	1,715	76	70,415	237,232	278,963
Increase in value of securities	-	12,858	-	-	-	-	-	-	-	-	-	-	12,858	-
Transfer from Operating Fund	100,000	-	-	-	-	-	-	-	-	-	-	-	100,000	100,000
Contribution from subdividers	-	-	-	1,200	-	-	-	-	-	-	-	-	1,200	9,170
	115,890	12,858	54,954	59,344	10,781	8,663	9,345	5,159	2,090	1,715	76	70,415	351,290	388,133
DECREASE IN EQUITY														
Transfers to Capital and Loan Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	19,745
Transfers to Operating Fund	-	-	64,217	-	-	36,619	-	-	-	-	-	33,970	116,038	131,784
Decrease in value of securities	-	-	-	-	-	-	-	-	-	-	-	-	-	5,261
Unpresented bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	3,000
	-	-	64,217	-	-	36,619	-	-	-	-	-	33,970	116,038	159,790
INCREASE (DECREASE) IN EQUITY DURING THE YEAR	115,890	12,858	(9,263)	59,344	10,781	(27,956)	9,345	5,159	2,090	1,715	76	36,445	235,252	228,343
EQUITY - BEGINNING OF YEAR	169,248	49,244	126,529	548,165	106,186	85,630	87,671	48,931	19,965	16,201	687	690,565	1,949,022	1,720,679
EQUITY - END OF YEAR	285,138	62,102	117,266	607,509	116,967	57,674	97,016	54,090	22,055	17,916	763	727,010	2,184,274	1,949,022

Coopers & Lybrand

The City of Saint John
Sinking, Reserve and Trust Funds
Notes to Financial Statements
For the Year Ended December 31, 1991

1. Significant Accounting Policy

Accrual Accounting

The City follows the accrual method of accounting for revenue and expenses.

2. Reserve Funds

Machinery and Equipment Depreciation Fund

Under Section 90(4) of the Municipalities Act, Council by resolution can create an equipment replacement reserve. Contributions to this fund are made through the operating budget of the General Fund. Disbursements from this fund may only be made for the acquisition of equipment and require the approval of Common Council.

Airspace 2049 Fund

Established in 1985 with respect to the development of Market Square and in particular the condominium development. Upon the sale of airspace to allow for the construction of the project, the proceeds were invested to allow for the reacquisition by the City of this airspace in the year 2049 when the ownership of the complex reverts to the City of Saint John.

Saint John Non Profit Housing Sinking Fund

Established in 1987 on the sale by the City of the Rockwood Court Complex. Of the total proceeds, $755,000 was set aside by resolution of Common Council to retire all outstanding bond issues relating to the complex as they became due and payable.

3. Trust Funds

Land Subdivision Fund

Section 43 of the Community Planning Act requires that monies received by Council in lieu of land for public purposes be paid into a special account. Council may expend these funds for acquiring or developing land for public purposes as defined by the Community Planning Act.

Tucker Fund

By an Act of the Legislative enacted April 20, 1927 securities with a par value of $10,000 were vested with the City of Saint John. This Act provided that the income and a portion of the principal from this Trust, with the approval of Common Council, should be used for the maintenance and improvement of Tucker Park.

Recreation Development Fund

Funds belonging to the County of Saint John were turned over to the City of Saint John upon amalgamation. These funds may only be used for recreational facilities within the County of Saint John. Requests for amounts under $5,000 may be approved by the City Manager. Requests exceeding this amount must be approved by Common Council and must be matched by an equal amount by the group or individual making the request.

Stockford Memorial Fund

This fund was established on December 28, 1939 as a result of a bequest of $3,000 from Fannie M. Stockford of Boston, Massachusetts. This amount was to be invested and the annual income was to be used towards the upkeep and maintenance of King Square.

O'Connell Fund

This fund was established on March 22, 1939 with a contribution of $2,000 from J. D. O'Connell. The contribution was to be invested and the income distributed among the orphanages of the City on the pro-rata basis of the children cared for by each, to be given by way of a Christmas gift to each child.

L. R. Ross Fund

This fund was established in 1921 through the gift of $1,250 and the "Ross Memorial Cup". The cup was to be competed for annually by amateur single scullers, twenty-one years or under who are residents of the Maritime Provinces. The income from this Trust is to be used to provide a duplicate cup for the winner of each race held. Changes to the Trust in 1986 now allow for the funds to be used to promote the sport of rowing in Saint John, provided that $4,000 remains in the fund to enable the "Ross Memorial Cup" to be duplicated when necessary.

3. Trust Funds (continued)

A. Carle Smith Fund

Established in September, 1976, funds were received from the estate of A. Carle Smith. These funds are to be used for the maintenance of a wildlife sanctuary in the South Bay area.

Centennial Fund

These funds are to be used for ceremonies marking the 200th anniversary of Canada in the year 2067.

Saint John Non Profit Housing Future Development Fund

Established in 1987, on the sale by the City of the Rockwood Court Complex. By resolution of Common Council the proceeds, in excess of the amount required to meet the outstanding obligations of the complex, amounting to $470,726 were to be set aside and administered by Saint John Non Profit Housing Incorporated. This fund was to be used for new housing initiatives subject to restrictions set out by the City of Saint John.

The Power Commission of The City of Saint John

1991 Financial Statements

Financial Statements and Supplementary Information of

THE POWER COMMISSION OF THE CITY OF SAINT JOHN

Year ended December 31, 1991

THE POWER COMMISSION OF THE CITY OF SAINT JOHN

Financial Statements and Supplementary Information

Year ended December 31, 1991

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Canada E2L 3V6

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Telefax (506) 633-8828

AUDITORS' REPORT TO THE COMMISSIONERS

We have audited the balance sheet of The Power Commission of the City of Saint John as at December 31, 1991 and the statements of operations and earnings retained and changes in financial position for the year then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at December 31, 1991 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Peat Marwick Thorne

March 11, 1992

THE POWER COMMISSION OF THE CITY OF SAINT JOHN

Balance Sheet

December 31, 1991, with comparative figures for 1990

	1991	1990
Assets		
Current assets:		
Cash	$ 113,977	$ 116,822
Accounts receivable (note 2)	5,775,630	5,087,389
Accrued revenue	3,239,214	2,884,440
Inventories	2,829,135	3,263,724
Prepaid expenses	91,269	85,619
	12,049,225	11,437,994
Special funds (note 3)	1,867,264	1,728,109
Property, plant and equipment (note 4):		
Land, buildings, plant and equipment	35,174,207	33,755,773
Less accumulated depreciation	16,933,921	15,929,625
	18,240,286	17,826,148
Deferred pension costs (note 6)	614,300	338,900
	$ 32,771,075	$ 31,331,151

	1991	1990
Liabilities		
Current liabilities:		
Bank overdraft	$ 559,595	$ 567,408
Payable to the New Brunswick Electric Power Commission	5,817,451	4,941,223
Payable to the City of Saint John	218,188	–
Accounts payable and accrued liabilities	227,210	236,693
Customers' deposits	66,136	92,456
Accrued bond interest	37,407	41,236
Current portion of long-term debt	432,000	449,500
	7,357,987	6,328,516
Long-term debt (note 5)	5,651,840	6,079,427
Earnings retained and used for operations:		
Reserve for contingencies	1,050,000	1,050,000
Reserve for indemnity insurance	600,000	600,000
Earnings retained, invested in assets (note 7)	18,111,248	17,273,208
	19,761,248	18,923,208
	$ 32,771,075	$ 31,331,151

See accompanying notes to financial statements.

On behalf of the Board:

Chairman

General Manager

THE POWER COMMISSION OF THE CITY OF SAINT JOHN

Statement of Operations and Earnings Retained

Year ended December 31, 1991, with comparative figures for 1990

	1991	1990
Revenue	$ 59,343,030	$ 54,545,782
Electrical energy purchased	51,333,899	47,320,272
	8,009,131	7,225,510
Expenses (note 4):		
Operating and maintenance	2,615,939	2,436,311
Commercial administration	1,964,338	1,956,222
General and administration	1,482,677	1,246,116
Plant depreciation	841,940	772,679
Interest on long-term debt	663,067	712,181
Taxes	607,752	609,336
	8,175,713	7,732,845
	(166,582)	(507,335)
Other revenue	1,004,622	980,591
Net revenue	838,040	473,256
Earnings retained, beginning of year	18,923,208	18,449,952
Earnings retained, end of year	$ 19,761,248	$ 18,923,208

See accompanying notes to financial statements.

THE POWER COMMISSION OF THE CITY OF SAINT JOHN

Statement of Changes in Financial Position

Year ended December 31, 1991, with comparative figures for 1990

	1991	1990
Cash provided by (used in):		
Operations:		
Net revenue	$ 838,040	$ 473,256
Items not involving cash:		
Depreciation	1,428,096	1,326,496
Pension expense credit	(242,300)	(307,100)
Change in non-cash operating working capital:		
Accounts receivable	(688,241)	1,164,275
Accrued revenue	(354,774)	531,876
Inventories	434,589	212,141
Prepaid expenses	(5,650)	20,402
Payable to the New Brunswick Electric Power Commission	876,228	(757,192)
Other current liabilities	178,556	(541,309)
	2,464,544	2,122,845
Financing:		
Principal repayments on long-term debt	(445,087)	(492,751)
Investments:		
Additions to property, plant and equipment	(1,842,234)	(2,458,240)
(Increase) decrease in special funds	(139,155)	54,479
Pension fund contribution	(33,100)	(31,800)
	(2,014,489)	(2,435,561)
Increase (decrease) in cash	4,968	(805,467)
Cash, beginning of year	(450,586)	354,881
Cash, end of year	$ (445,618)	$ (450,586)
Represented by:		
Cash	$ 113,977	$ 116,822
Bank overdraft	(559,595)	(567,408)
	$ (445,618)	$ (450,586)

See accompanying notes to financial statements.

THE POWER COMMISSION OF THE CITY OF SAINT JOHN

Notes to Financial Statements

Year ended December 31, 1991

The Power Commission of the City of Saint John is the principal supplier of electrical power to the residential, general and industrial sectors of the City of Saint John.

1. **Significant accounting policies:**

   (a) Inventories:

   Inventories consist of merchandise, construction and maintenance supplies, all valued at cost.

   (b) Property, plant and equipment:

   Property, plant and equipment are stated at cost net of any recoveries. Depreciation is provided using the following methods and annual rates:

Asset	Basis	Rate
Buildings	Straight-line	2.5%
Transmitting equipment	Straight-line	3.33% and 4%
Tools, working and office equipment	Straight-line	10% and 20%
Rental equipment	Straight-line	15%
Automotive equipment	Straight-line	15% and 20%

   (c) Revenue:

   Billings to residential, general and industrial customers are rendered monthly on a cyclical basis. Municipal street lighting is billed at the end of each month. Accrued revenue is recorded in respect of the period from the last cycle billing date to the end of the fiscal year.

2. **Accounts receivable:**

	1991	1990
Customer accounts	$ 4,996,476	$ 4,177,313
Conservation and Electrical Improvement loans	617,813	630,113
Home Energy loans	–	3,016
Sundry	231,341	346,947
	5,845,630	5,157,389
Less allowance for bad debts	(70,000)	(70,000)
	$ 5,775,630	$ 5,087,389

3. Special funds:

The special funds are retained to provide for indemnity insurance and contingencies and are represented by the following assets.

	1991	1990
Cash	$ 134,181	$ 185,451
Accrued interest receivable	45,089	32,738
Investments, at cost (quoted market value 1991, $1,872,090; 1990, $1,525,138)	1,687,994	1,509,920
	$ 1,867,264	$ 1,728,109

The interest earned on these funds in the amount of $188,971 ($208,262 in 1990) is reflected in the financial statements in other revenue.

4. Property, plant and equipment:

			1991	1990
	Cost	Accumulated depreciation	Net book value	Net book value
Land, buildings and transmitting equipment	$ 30,364,888	$ 13,841,553	$ 16,523,335	$ 14,996,171
Construction in progress	7,206	–	7,206	1,010,778
Tools, working and office equipment	1,164,143	671,437	492,706	503,768
Rental equipment	2,366,563	1,587,598	778,965	797,765
Automotive equipment	1,271,407	833,333	438,074	517,666
	$ 35,174,207	$ 16,933,921	$ 18,240,286	$ 17,826,148

Depreciation for the year amounted to $1,428,096 ($1,326,496 in 1990) and is included in these financial statements as part of the various expense categories.

5. Long-term debt:

Long-term debt consists of amounts payable to The City of Saint John represented by serial debentures payable by the City in annual principal instalments until November 22, 1999, bearing interest and having final maturity dates as follows:

Interest rate	Maturity date	1991	1990
7.75%	December 1, 1991	$ –	$ 37,500
8.25%	December 15, 1992	12,500	25,000
8.75%	December 15, 1993	15,000	22,500
10.75%	December 1, 1994	150,000	200,000
10.50%	September 1, 1996	250,000	300,000
9.50%	June 15, 1997	600,000	700,000
9.75%	June 22, 1998	1,346,000	1,402,000
10.87%	June 29, 1999	1,871,000	1,939,000
10.50%	November 22, 1999	1,871,000	1,939,000
		6,115,500	6,565,000
Less:			
Unamortized bond discount		31,660	36,073
Current portion of long-term debt		432,000	449,500
		$ 5,651,840	$ 6,079,427

The aggregate maturities of long-term debt for each of the next five years subsequent to December 31, 1991 are as follows: 1992 - $432,000; 1993 - $439,500; 1994 - $456,000; 1995 - $433,000; and 1996 - $463,000.

6. Pension costs and obligations:

The Commission maintains a defined benefit pension plan which is available to all employees. The plan provides pensions based on years of service and is funded by employee contributions of a fixed percentage of salaries and employer contributions for the balance required to fund accrued pension benefits as determined by actuarial valuation.

An actuarial valuation is performed triannually, the latest being at January 1, 1991. Based upon that actuarial valuation, the accrued pension benefit obligation was $19,477,900 as at December 31, 1991 ($18,502,000, 1990). Pension fund assets at fair market value were $24,537,400 as at that date ($21,779,000, 1990). Amendments, improving benefits under the plan, were made effective January 1, 1992 with the effect of increasing the accrued pension benefit obligation to $21,389,900 as at January 1, 1992.

Annual experience gains and losses and the excess of pension fund assets at December 31, 1988 over the accrued benefit obligation as at that date are being amortized over the expected average remaining service life of the plan participants. The resulting credits to pension expense and employer funding contributions have been reflected in the balance sheet as deferred pension costs.

7. Earnings retained:

Under the regulations of the Municipalities Act, the Commission is permitted to establish a reserve fund with respect to the financing of capital assets. Transfers to such a fund in any one year may not exceed 7% of gross revenue from the sale of electric power.

The Commission has, as administrative practice, accumulated earnings retained to the extent that the annual increments complied with the 7% guideline. In no year has the amount accumulated exceeded the amount permitted by the regulations.

KPMG Peat Marwick Thorne

Chartered Accountants

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AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

TO THE COMMISSIONERS

We have audited and reported separately herein on the financial statements of The Power Commission of the City of Saint John as at and for the year ended December 31, 1991.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the Commission taken as a whole. The supplementary information included is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Peat Marwick Thorne

March 11, 1992

Member firm of

THE POWER COMMISSION OF THE CITY OF SAINT JOHN

Schedule of Revenue

Year ended December 31, 1991, with comparative figures for 1990

	1991	1990
Lighting and power:		
Residential service	$ 25,509,707	$ 25,136,835
General and industrial service	31,900,406	31,931,296
Municipal street lighting	832,003	863,935
Area lighting	440,716	438,099
Water heater rentals	660,198	649,506
	59,343,030	59,019,671
Customers' discounts	–	4,473,889
	$ 59,343,030	$ 54,545,782

THE POWER COMMISSION OF THE CITY OF SAINT JOHN

Schedule of Details of Expenses and Other Revenue

Year ended December 31, 1991, with comparative figures for 1990

	1991	1990
Operating and maintenance:		
Salaries, wages and related benefits	$ 1,507,358	$ 1,439,667
Stores	90,030	78,020
Automotive equipment (including depreciation)	283,341	275,717
Other equipment	143,252	135,889
Substations	33,219	26,391
Poles, towers and fixtures	372,303	239,129
Conductors	103,733	116,229
Line transformers and devices	25,407	27,628
Meters and devices	25,766	32,183
Consumers' premises	4,043	3,029
Street lighting	27,487	62,429
	$ 2,615,939	$ 2,436,311
Commercial administration:		
Salaries	$ 1,204,031	$ 1,208,972
Meter reading supplies	6,845	6,653
Billing and collecting	103,203	97,289
Bad debt provision	179,534	139,255
Business promotion	15,221	41,187
Water heater expenses	447,091	440,120
Cost of appliances sold	8,413	22,746
	$ 1,964,338	$ 1,956,222

THE POWER COMMISSION OF THE CITY OF SAINT JOHN

Schedule of Details of Expenses and Other Revenue (Continued)

Year ended December 31, 1991, with comparative figures for 1990

	1991	1990
General and administrative expenses:		
Salaries and fees	$ 463,033	$ 374,641
Office supplies	209,492	194,764
Telephone and telegraph	42,258	37,833
Professional services	103,835	30,251
General insurance	32,794	51,164
Unemployment insurance	57,798	46,518
Group insurance	31,539	39,606
Canada Pension	34,476	30,953
Group health	114,728	84,373
Workers' Compensation	14,318	13,043
Depreciation of furniture and office equipment	64,519	60,000
Building	206,285	186,273
Miscellaneous	107,602	96,697
	$ 1,482,677	$ 1,246,116
Other revenue:		
Interest:		
Cash	$ 148,838	$ 208,113
Special Funds	188,971	208,262
Customer loans	59,781	34,457
Customer accounts	169,778	34,375
Connection charges	110,950	110,604
Pension expense credit (note 6)	242,300	307,100
Sundry	84,004	77,680
	$ 1,004,622	$ 980,591

Saint John Transit Commission

1991 Financial Statements

FINANCIAL STATEMENTS

SAINT JOHN TRANSIT COMMISSION

December 31, 1991

ERNST & YOUNG

AUDITORS' REPORT

To the Shareholder of
Saint John Transit Commission

We have audited the balance sheet of **Saint John Transit Commission** as at December 31, 1991 and the statements of operations and equity and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at December 31, 1991 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Saint John, Canada,
February 6, 1992.

Ernst & Young
Chartered Accountants

Saint John Transit Commission

BALANCE SHEET

As at December 31

	1991 $	1990 $
ASSETS		
Current		
Cash	116,419	197,146
Short-term deposits	199,669	98,724
Accounts receivable *[note 2]*	116,005	81,059
Inventory of spare parts	192,965	193,941
Prepaid expenses	9,002	9,294
	634,060	580,164
Fixed *[note 3]*	3,704,582	3,383,517
	4,338,642	3,963,681
LIABILITIES AND EQUITY		
Current		
Trade accounts payable and accrued charges	377,363	368,569
Due to the City of Saint John for underexpenditure of operating subsidy	31,395	4,611
Current portion of long-term debt *[note 4]*	551,000	474,500
	959,758	847,680
Long-term debt *[note 4]*	3,115,310	2,870,745
Sick pay accrual *[note 5]*	179,074	160,756
Equity	84,500	84,500
	4,338,642	3,963,681

See accompanying notes

On behalf of the Commission:

Commissioner Commissioner

Saint John Transit Commission

STATEMENT OF OPERATIONS AND EQUITY

Year ended December 31

	1991 $	1990 $
Revenue		
Fares	2,126,827	1,947,419
Senior citizens' subsidy	50,000	50,000
Charter	102,763	99,641
Advertising	54,683	65,129
Interest	21,096	22,608
Other	23,665	10,492
	2,379,034	2,195,289
Expenditures *[schedule 1]*		
Transportation	2,581,143	2,408,354
Vehicle maintenance	1,204,157	1,087,753
General and administrative	334,195	324,661
Sick pay accrual *[note 5]*	18,318	160,756
	4,137,813	3,981,524
Cost of operations before undernoted items	1,758,779	1,786,235
Interest on long-term debt	341,664	311,810
Depreciation	474,136	413,010
	815,800	724,820
Total cost of operations	2,574,579	2,511,055
Subsidies from the City of Saint John		
Operating	1,758,779	1,786,235
Interest and debt reduction	815,800	724,820
	2,574,579	2,511,055
Equity	84,500	84,500

See accompanying notes

Saint John Transit Commission

STATEMENT OF CASH FLOWS

Year ended December 31

	1991 $	1990 $
Cash provided by [used for]		
Operations		
Total cost of operations	(2,574,579)	(2,511,055)
Less depreciation, a non-cash item	474,136	413,010
Subsidies from the City of Saint John		
Operating	1,758,779	1,786,235
Interest on long-term debt	341,664	311,810
Net change in non-cash working capital balances *[note 6]*	1,900	(110,618)
Increase in sick pay accrual	18,318	160,756
	20,218	50,138
Financing		
Repayment of debentures	(368,500)	(316,000)
Repayment of capital leases	(105,636)	(97,010)
Long-term debt subsidy from the City of Saint John	474,136	413,010
Capital expenditures financed by the City of Saint John	795,201	674,041
	795,201	674,041
Investments		
Capital expenditures	(795,201)	(674,041)
Increase in cash and short-term deposits	20,218	50,138
Cash and short-term deposits, beginning of year	295,870	245,732
Cash and short-term deposits, end of year	316,088	295,870
Cash and short-term deposits is comprised of:		
Cash	116,419	197,146
Short-term deposits	199,669	98,724
	316,088	295,870

See accompanying notes

SCHEDULE OF EXPENDITURES

Year ended December 31

	1991 $	1990 $
TRANSPORTATION		
Salaries and wages	1,521,678	1,481,082
Gas and oil	496,368	452,366
Fringe benefits	402,285	320,138
Fleet insurance	69,260	61,735
Parallel transit	24,807	20,387
Safety awards and allowances	22,075	20,371
Miscellaneous	21,616	20,618
Tickets and schedules	13,397	12,989
Uniforms	9,657	18,668
	2,581,143	2,408,354
VEHICLE MAINTENANCE		
Salaries and wages	501,715	478,893
Supplies and parts	330,099	289,636
Fringe benefits	122,312	104,540
Heat	89,998	79,702
Building maintenance	61,041	34,819
Real estate taxes	51,329	47,618
Tools and equipment	19,848	17,078
Miscellaneous	12,123	18,077
Water	8,307	10,619
Safety awards and allowances	7,302	6,181
Miscellaneous supplies	83	590
	1,204,157	1,087,753
GENERAL AND ADMINISTRATIVE		
Salaries	169,707	165,311
Advertising	40,843	46,003
Miscellaneous	33,601	30,328
Fringe benefits	19,065	24,565
Travel	22,239	20,544
Postage, stationery and printing	10,917	6,933
Professional fees	10,592	11,760
Telephone and radio system	9,712	9,875
Training and courses	7,826	—
Insurance	6,743	6,092
Board payments	2,950	3,250
	334,195	324,661

See accompanying notes

NOTES TO FINANCIAL STATEMENTS

December 31, 1991

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

Saint John Transit Commission follows generally accepted accounting principles, except for depreciation accounting which is discussed below.

City of Saint John

Saint John Transit Commission was established by the City of Saint John to operate the public transit system. The City has the obligation under the Commission's Act of Incorporation to finance all net operating and capital expenditures. Any amount due to or from the City at year end results from the difference between regular monthly payments received from the City and net operating expenditures for the year.

Fixed assets

Asset acquisitions are recorded at cost, less direct funding provided by the Urban Transportation Assistance Program. Depreciation is measured as an amount equal to the annual debt reduction and is charged to operations and credited against asset costs.

Inventory

Inventory of spare parts is carried at cost or replacement cost, whichever is lower. Cost is defined as average laid down cost.

Capital lease obligations

Long-term lease transactions related to the financing of motor vehicles are accounted for as capital leases. The capitalized lease obligations reflect the present value of future rental payments discounted at the interest rate implicit in the lease; a corresponding amount has been capitalized as the cost of the leased assets.

Subsidies

Operating subsidies received from the City of Saint John are recognized as revenue when operating expenditures are incurred.

Subsidies on account of long-term debt retirement are recognized when each year's obligations of Saint John Transit Commission are funded by the City.

Transcard revenue

Transcard receipts are recognized as revenue when sales are made to the public.

NOTES TO FINANCIAL STATEMENTS

December 31, 1991

2. ACCOUNTS RECEIVABLE

	1991 $	1990 $
Trade accounts receivable	102,872	66,776
Due from the City of Saint John for capital expenditures	13,133	14,283
	116,005	81,059

3. FIXED ASSETS

	1991 $	1990 $
Land	77,470	77,470
Building	3,005,436	3,005,436
Motor vehicles - purchased	4,645,160	3,953,670
- leased	1,294,218	1,294,218
Transportation equipment	177,518	146,960
Office equipment	88,426	50,581
Computer equipment	41,162	39,098
Maintenance equipment	115,128	105,800
Bus shelters and signs	99,451	75,535
	9,543,969	8,748,768
Deduct funding provided by the Urban Transportation Assistance Program	2,600,311	2,600,311
	6,943,658	6,148,457
Less reduction of debt related thereto	3,239,076	2,764,940
	3,704,582	3,383,517

NOTES TO FINANCIAL STATEMENTS

December 31, 1991

4. LONG-TERM DEBT

	1991 $	1990 $
Long-term debt		
17-3/4% - March 1, 1992	60,000	120,000
17-1/2% - September 2, 1992	77,500	155,000
10-3/4% to 11-1/2% - May 16, 1993	17,000	25,500
9% to 10% - December 1, 1996	185,000	222,000
9-1/2% to 10-1/2% - December 22, 1997	258,000	301,000
10-1/4% to 10-1/2% - November 24, 1998	280,000	320,000
10-1/4% to 10-1/2% - November 23, 1999	400,000	450,000
11-1/2% to 11-3/4% - December 11, 2000	472,500	525,000
7-3/8% to 9-3/8% - December 16, 2001	675,000	—
Net cash advances from the City of Saint John against capital and other expenditures	794,769	674,569
Capital lease obligations, expiring in 1995	446,541	552,176
	3,666,310	3,345,245
Less current portion	551,000	474,500
	3,115,310	2,870,745

The long-term debt was incurred by the City of Saint John with respect to capital and other expenditures made on behalf of the Commission. The capital lease obligations were undertaken by the City of Saint John for the acquisition of motor vehicles and were allocated to the Commission.

Annual repayment of long-term debt for debentures and capital leases is as follows:

	Capital Leases				
Year	Lease payments $	Imputed interest at 8.7% $	Principal repayment $	Debentures $	Total principal repayment $
1992	155,630	40,630	115,000	436,000	**551,000**
1993	155,630	30,382	125,248	298,500	**423,748**
1994	210,650	4,357	206,293	290,000	**496,293**
1995	—	—	—	300,993	**300,993**
1996	—	—	—	279,007	**279,007**
	521,910	75,369	446,541	1,604,500	**2,051,041**
Thereafter	—	—	—	820,500	**820,500**
Net cash advances from the City of Saint John to be financed by the issuance of debentures in 1992	—	—	—	794,769	**794,769**
	521,910	75,369	446,541	3,219,769	**3,666,310**

NOTES TO FINANCIAL STATEMENTS

December 31, 1991

5. SICK PAY ACCRUAL

As a result of the policy established by the Commission and ratification of a new Union Contract on July 1, 1990 the Commission now has an obligation under certain conditions to pay a percentage of accumulated sick days to its employees. As a result, a provision for this liability, which represents 50% of the employees' sick days accumulated to December 31, is recorded in the current year's results.

6. NET CHANGE IN NON-CASH WORKING CAPITAL BALANCES

	1991 $	1990 $
Increase (decrease) in		
Trade accounts payable and accrued charges	8,794	(83,176)
Due to the City of Saint John for underexpenditure of operating subsidy	26,784	(80,808)
Decrease (increase) in		
Accounts receivable	(34,946)	70,646
Inventory of spare parts	976	(17,264)
Prepaid expenses	292	(16)
	1,900	(110,618)

7. INCOME TAX

The Saint John Transit Commission qualifies as a Municipal Commission under Section 149(1)(d) of the Income Tax Act (Canada) and, as such, is exempt from income taxes.

Saint John Aquatic Centre Commission

1991 Financial Statements

FINANCIAL STATEMENTS

SAINT JOHN AQUATIC CENTER COMMISSION

December 31, 1991

FINANCIAL STATEMENTS

SAINT JOHN AQUATIC CENTER COMMISSION

December 31, 1991

ERNST & YOUNG

AUDITORS' REPORT

To the Commissioners of
Saint John Aquatic Center Commission

We have audited the funds' balance sheets of **Saint John Aquatic Center Commission** as at December 31, 1991 and the operating fund's statement of operations, the capital fund's statement of revenue, expenditure and unexpended funds and the operating fund's statement of cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at December 31, 1991 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Saint John, Canada,
February 10, 1992.

Ernst & Young
Chartered Accountants

Saint John Aquatic Center Commission

BALANCE SHEETS

As at December 31

	1991 $	1990 $
OPERATING FUND		
ASSETS		
Cash and term deposits	5,001	150,126
Accounts receivable	82,619	69,199
Due from the City of Saint John	72,962	32,275
Inventory	49,218	32,472
Prepaid expenses	4,735	15,641
	214,535	299,713
LIABILITIES		
Accounts payable and accrued charges	139,497	91,624
Unearned revenue	48,775	89,520
Due to Capital Fund	26,263	118,569
	214,535	299,713
CAPITAL FUND		
ASSETS		
Due from Operating Fund	26,263	118,569
Fixed assets *[note 2]*	864,795	593,783
	891,058	712,352
EQUITY AND UNEXPENDED FUNDS		
Equity in fixed assets	864,795	593,783
Unexpended funds	26,263	118,569
	891,058	712,352

See accompanying notes

On behalf of the Commission:

Commissioner Commissioner

Saint John Aquatic Center Commission

STATEMENT OF OPERATIONS

Year ended December 31

	1991		1990
	Actual $	Budget $	Actual $
OPERATING FUND			
Revenue			
Program activities	**1,166,001**	1,274,492	1,125,166
Interest allocated from capital fund	**7,723**	11,600	11,696
	1,173,724	1,286,092	1,136,862
Expenses			
Maintenance	**718,237**	703,101	657,029
Administration	**383,629**	363,058	346,763
Program	**770,653**	851,533	740,276
	1,872,519	1,917,692	1,744,068
Net cost of operations	**698,795**	631,600	607,206
Subsidy from the City of Saint John	**698,795**	631,600	607,206

See accompanying notes

Saint John Aquatic Center Commission

STATEMENT OF REVENUE, EXPENDITURE AND UNEXPENDED FUNDS

Year ended December 31

	1991 $	1990 $
CAPITAL FUND		
Revenue		
City of Saint John	178,706	80,563
Interest	7,723	11,696
	186,429	92,259
Expenditure		
Purchase of fixed assets	271,012	80,563
Allocation of interest to operating fund	7,723	11,696
	278,735	92,259
Excess expenditure for the year	92,309	—
Unexpended funds, beginning of year	118,569	118,569
Unexpended funds, end of year	26,263	118,569

See accompanying notes

Saint John Aquatic Center Commission

STATEMENT OF CASH FLOWS

Year ended December 31

	1991 $	1990 $
OPERATING FUND		
Cash provided by (used for)		
Operations		
Net cost of operations	**698,795**	607,206
Subsidy from the City of Saint John	**(698,795)**	(607,206)
	—	—
Net change in non-cash working capital balances		
Accounts receivable	**(13,420)**	26,324
Due from the City of Saint John	**(40,687)**	47,373
Inventory	**(16,746)**	65
Prepaid expenses	**10,906**	360
Accounts payable and accrued charges	**47,873**	(35,049)
Unearned revenue	**(40,745)**	(16,461)
Due to Capital Fund	**(92,306)**	—
Increase in cash and term deposits	**(145,125)**	22,612
Cash and term deposits, beginning of year	**150,126**	127,514
Cash and term deposits, end of year	**5,001**	150,126

See accompanying notes

Saint John Aquatic Center Commission

NOTES TO FINANCIAL STATEMENTS

December 31, 1991

1. SIGNIFICANT ACCOUNTING POLICIES

The Commission is incorporated under the laws of New Brunswick. The financial statements have been prepared by management in accordance with generally accepted accounting principles, the more significant of which are outlined below.

City of Saint John

The Saint John Aquatic Center Commission was established by the City of Saint John to operate the Canada Games Aquatic Centre. The City has the obligation under the Commission's Act of Incorporation to finance all net operating and capital expenditures. Any amount due to or from the City at the year-end results from the difference between regular monthly payments received from the City and net expenditures for the year.

Subsidy

Operating subsidies received from the City of Saint John are recognized as revenue when the operating expenses are incurred.

Inventory

Inventory is recorded at the lower of cost and replacement cost. Cost is defined as laid-down cost, determined on a first-in, first-out basis.

Fixed assets and depreciation

Fixed assets are initially recorded at cost. As these assets are financed by grants, no depreciation is recorded.

NOTES TO FINANCIAL STATEMENTS

December 31, 1991

2. FIXED ASSETS

	1991 $	1990 $
Administrative	107,979	107,979
Maintenance	491,231	220,219
Program	104,066	104,066
Pedway	75,562	75,562
Facility improvements	85,957	85,957
	864,795	593,783

3. INCOME TAX

The Saint John Aquatic Center Commission qualifies as a Municipal Commission under Section 149(1)(d) of the Income Tax Act (Canada) and, as such, is exempt from income taxes.

Saint John Parking Commission

1991 Financial Statements

SAINT JOHN PARKING COMMISSION

Financial Statements

For the Year Ended December 31, 1991

Coopers
&Lybrand

Coopers
& Lybrand

chartered accountants

P.O. Box 789 Brunswick House
Saint John New Brunswick
Canada E2L 4B9

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Coopers & Lybrand (International)

AUDITORS' REPORT

To the Members of Saint John Parking Commission

We have audited the balance sheet of Saint John Parking Commission as at December 31, 1991 and the statements of income and equity and changes in financial position for the year then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at December 31, 1991 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Coopers & Lybrand

Chartered Accountants
April 16, 1992

Saint John Parking Commission

Balance Sheet
As at December 31, 1991

	1991 $	1990 $
ASSETS		
Current Assets		
Cash	1,800	1,925
Accounts receivable	13,918	8,934
Other receivable	45,576	37,979
Due from City of Saint John	1,581,738	1,476,346
Prepaid Expenses	6,394	1,791
	1,649,426	1,526,975
Fixed Assets		
Land, off-street parking lots at cost	254,730	193,619
Parking garage - land and structure (note 3)	4,566,600	4,755,600
Leasehold improvements and equipment (note 4)	220,030	203,294
	5,041,360	5,152,513
	6,690,786	6,679,488
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	76,318	76,493
Parking permit deposits	3,145	4,978
Rents received in advance	7,339	4,069
Deferred income	5,401	4,257
Current portion of debenture debt	208,000	189,000
	300,203	273,797
Debenture Debt (note 5)	3,089,000	3,297,000
Equity	3,301,583	3,103,691
	6,690,786	6,679,488

APPROVED BY THE COMMISSION

Chairman

Coopers &Lybrand

Saint John Parking Commission

Statement of Income and Equity
For the Year Ended December 31, 1991

	Budget 1991 $	Actual 1991 $	Actual 1990 $
Income			
Parking lot rentals	719,358	678,626	669,976
Chipman Hill rental	-	537,992	538,390
Chipman Hill parking garage (note 3)	-	-	6,946
	719,358	1,216,618	1,215,312
Expenses			
Direct			
Ground rent/leasing costs	98,210	124,908	93,084
Maintenance and repairs	34,000	34,319	29,181
Parking lot supervision	34,200	32,781	33,521
Parking lot attendants	115,000	108,620	99,667
Power	3,240	3,226	2,381
Real estate taxes	108,000	101,439	96,586
Snow removal	27,000	22,398	20,424
Amortization of leasehold improvements	96,000	87,895	115,636
Depreciation	-	182,000	173,000
	515,650	704,586	663,480
Administrative			
Advertising	32,000	5,282	14,474
Commission expenses	3,600	2,192	3,012
Office	15,000	7,721	11,933
Postage	3,600	4,033	4,699
Professional fees	6,000	17,760	10,682
Salaries	82,200	79,323	77,476
Telephone	6,000	4,337	3,640
Travel	5,200	2,026	3,873
Miscellaneous	5,660	7,606	4,455
Convention	6,200	4,190	5,403
Debenture interest	-	348,992	365,390
Special Projects	18,000	24,023	-
Site Feasibility Study	-	181	6,500
Monitoring program	-	-	21,032
	183,460	507,666	532,569
	699,110	1,212,252	1,196,049
Income From Operations	20,248	4,366	19,263
Other Income			
Interest income	180,000	165,752	179,252
Administrative revenue	32,000	25,834	32,650
Miscellaneous	5,000	1,940	2,282
	217,000	193,526	214,184
Net Income For The Year	237,248	197,892	233,447
Equity - Beginning Of Year	3,103,691	3,103,691	2,870,244
Equity - End Of Year	3,340,939	3,301,583	3,103,691

Coopers &Lybrand

Saint John Parking Commission

Statement of Changes in Financial Position
For the Year Ended December 31, 1991

	1991 $	1990 $
Operating Activities		
Net income for the year	197,892	233,447
Items not affecting cash -		
Depreciation	189,000	173,000
Amortization	87,895	115,636
	474,787	522,083
Cash provided by (invested in) non-cash working capital:		
Accounts receivable	(4,984)	(2,138)
Due from City of Saint John	(105,392)	(102,049)
Other receivable	(7,597)	14,005
Prepaid Expenses	(4,603)	-
Accounts payable and accrued liabilities	(175)	(10,326)
Parking permit deposits	(1,833)	1,061
Rents received in advance	3,270	1,488
Deferred income	1,144	234
	354,617	424,358
Financing Activities		
Repayment of debenture debt	(189,000)	(173,000)
Investing Activities		
Purchase of fixed assets	(165,742)	(251,678)
Decrease in Cash During Year	(125)	(320)
Cash - Beginning of Year	1,925	2,245
Cash - End of Year	1,800	1,925

Coopers &Lybrand

Saint John Parking Commission

Notes to Financial Statements
For the Year Ended December 31, 1991

1. General

The Commission is incorporated under an Act of the New Brunswick legislature and its principal activity is the administration and development of parking in the City of Saint John.

2. Summary of Significant Accounting Policies

Depreciation and Amortization

The Commission has adopted the policy of recording depreciation on the Parking Garage at an amount equal to the principal payment on long-term debt.

Leasehold improvements to leased parking lots are being amortized on a straight-line basis over three to five years depending upon the period of the leases.

3. Parking Garage - Land and Structure

	1991 $	1990 $
Land	1,250,000	1,250,000
Parking garage structure - at cost	4,114,600	4,114,600
Less: Accumulated depreciation	(798,000)	(609,000)
	3,316,600	3,505,600
	4,566,600	4,755,600

In 1977, Brunswick Square Ltd. conveyed land to the Commission on which the Chipman Hill Parking Garage is located subject to the condition that the land always be used for a parking structure. This land is recorded in the accounts of the Commission at an amount estimated to be its fair market value at the time of conveyance from Brunswick Square Ltd.

Effective December 1, 1987, the Commission, Brunswick Square Ltd. and the City of Saint John entered into an agreement whereby the Commission agreed to lease the Chipman Hill Parking Garage to Brunswick Square Ltd. for a period of fifteen years. In addition to paying rent equal to the Commission's interest and capital payments on its debenture debt, Brunswick Square Ltd. has agreed to pay to the Commission one-third of the operating profits of the Parking Garage to a maximum of $895,257. The Commission's share of operating profits for the year ended December 31, 1991 was $Nil (1990 - $6,946).

Brunswick Square Ltd. has agreed to purchase the Parking Garage on December 1, 2001 at a price of $895,258 less any amounts paid to the Commission out of operating profits as noted above.

Coopers
&Lybrand

4. Leasehold Improvements and Equipment

	1991 $	1990 $
Cost	579,766	475,135
Less: Accumulated amortization	359,736	271,841
	220,030	203,294

5. Debenture Debt

	1991 $	1990 $
New Brunswick Municipal Finance Corporation debenture ranging from 9 1/2% to 10 1/8% maturing 2001.	3,297,000	3,486,000
Less: Current portion	208,000	189,000
	3,089,000	3,297,000

The amount of principal payments required in each of the next five years is as follows:

	$
1992	208,000
1993	228,000
1994	250,000
1995	275,000
1996	302,000

6. Municipal Grant - City of Saint John

Under the terms of an agreement between the City of Saint John and the Saint John Parking Commission, the City has agreed to give the Commission an annual grant equal to the municipal portion of any property and business taxes levied on the Chipman Hill Parking Garage. The municipal portion of property and business taxes for the year ended December 31, 1991 was $116,180 (1990 - $121,667).

Saint John Non Profit Housing Incorporated

1991 Financial Statements

SAINT JOHN NON PROFIT HOUSING INCORPORATED

Financial Statements

For the Year Ended December 31, 1991

Coopers & Lybrand

Coopers
& Lybrand

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AUDITORS' REPORT

To the Directors of Saint John Non Profit Housing Incorporated

We have audited the balance sheet of Saint John Non Profit Housing Incorporated as at December 31, 1991 and the statements of income, surplus, reserves and changes in financial position for the year then ended. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of Saint John Non Profit Housing Incorporated as at December 31, 1991 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Coopers & Lybrand

Chartered Accountants
April 3, 1992

Saint John Non Profit Housing Incorporated

Balance Sheet
As at December 31, 1991

	1991 $	1990 $
ASSETS		
Cash	365,919	414,076
Accounts receivable	69,094	46,119
Restricted cash and deposits (note 2)	1,043,471	995,723
Land, buildings and fixtures (notes 3 and 4)	17,436,482	16,956,023
	18,914,966	18,411,941
LIABILITIES		
Accounts payable and accrued charges	366,571	411,565
Deferred revenue	82,321	47,906
Long-term debt (note 4)	17,609,885	17,179,478
	18,058,777	17,638,949
SURPLUS AND RESERVES		
Operating surplus	44,837	9,388
Replacement reserve (note 2)	715,716	601,488
Subsidy surplus reserve (note 2)	64,624	133,928
Carpet replacement reserve (note 2)	31,012	28,188
	856,189	772,992
	18,914,966	18,411,941

SIGNED ON BEHALF OF THE BOARD

Director

Director

Coopers &Lybrand

Saint John Non Profit Housing Incorporated

Statement of Surplus
For the Year Ended December 31, 1991

	1991 $	1990 $
BALANCE - BEGINNING OF YEAR		
As originally stated	9,388	(22,689)
Adjustments Required by C.M.H.C. to funding from Subsidy Surplus Reserve - Rotary Admiral Beatty	-	13,734
- Bicentennial Court	-	448
	-	14,182
As restated	9,388	(8,507)
Net income (loss) for the year prior to funding from Subsidy Surplus Reserve	(45,388)	11,295
	(36,000)	2,788
Funding from Subsidy Surplus Reserve	80,837	6,600
BALANCE - END OF YEAR	44,837	9,388

Coopers
&Lybrand

Saint John Non Profit Housing Incorporated

Statement of Income
For the Year Ended December 31, 1991

	1991 Budget $	1991 Actual $	1990 Actual $
Revenue			
Rentals	1,439,152	1,404,569	1,291,503
Washers and dryers	17,000	17,878	17,574
Interest	9,100	23,103	31,362
	1,465,252	1,445,550	1,340,439
Subsidy - C.M.H.C. (note 5)	1,029,165	856,518	1,005,098
- N.B.H.C. (note 5)	745,219	666,963	553,351
	3,239,636	2,969,031	2,898,888
Expenses			
Operating			
Electricity	128,800	107,685	93,257
Repairs and maintenance	170,420	135,873	157,071
Snow removal	9,700	8,120	2,105
Telephone	20,300	16,713	17,969
Wages and benefits	146,080	134,716	99,749
Garbage removal	11,900	9,277	8,683
Water	48,700	39,622	32,285
Miscellaneous	-	8,795	-
	535,900	460,801	411,119
Administrative and general			
Administration fees	111,800	109,467	96,373
Professional fees	13,000	16,448	8,855
Depreciation	106,873	116,897	85,088
Insurance	18,750	26,790	18,238
Interest	1,942,730	1,803,729	1,813,069
Office expense	9,500	5,929	9,124
Interest on masonry debt	9,088	8,771	4,660
Property taxes	404,900	370,531	316,669
	2,616,641	2,458,562	2,352,076
	3,152,541	2,919,363	2,763,195
Income Before Subsidy Adjustments From C.M.H.C. and N.B.H.C.	87,095	49,668	135,693
C.M.H.C. Subsidy Underpaid	-	17,915	1,185
Excess Subsidy Received From N.B.H.C. (note 5)	-	(34,012)	(52,375)
	87,095	33,571	84,503
Allocation to Replacement Reserve (note 2)	81,875	78,959	73,208
NET INCOME (LOSS) FOR THE YEAR	5,220	(45,388)	11,295

Saint John Non Profit Housing Incorporated

Statement of Reserves
For the Year Ended December 31, 1991

	1991											1990
	Rotary Admiral Beatty $	Bicentennial Court $	Harbourside $	South End Projects $	46 - 56 St. James Projects $	North End Projects $	West Side Projects $	Queen Street $	Turnbull Place $	Main & Rodney Street $	Total $	Total $
Replacement Reserve (note 2)												
Balance - beginning of year	170,914	28,854	270,855	15,231	27,371	25,189	9,232	2,491	51,351	-	601,488	395,579
Less: Development costs	-	-	-	-	-	-	-	-	(46,306)	-	(46,306)	-
Add: Provision for the year	34,800	4,575	-	9,500	7,000	8,500	6,500	4,000	-	4,084	78,959	73,208
Transfer on acquisition of project	-	-	-	-	-	-	-	-	-	-	-	51,306
Interest income for the year	17,838	2,983	38,394	3,832	5,353	8,112	1,044	2,491	1,303	225	81,575	81,395
Balance - end of year	223,552	36,412	309,249	28,563	39,724	41,801	16,776	8,982	6,348	4,309	715,716	601,488
Excess mortgage funds received	-	-	109,574	21,012	24,463	53,491	-	23,579	-	-	232,119	232,119
Restricted cash	223,552	36,412	418,823	49,575	64,187	95,292	16,776	32,561	6,348	4,309	947,835	833,607
Subsidy Surplus Reserve (note 2)												
Balance - beginning of year	67,526	6,660	59,742	-	-	-	-	-	-	-	133,928	138,191
Add: Interest income for the year	5,809	581	5,143	-	-	-	-	-	-	-	11,533	16,519
	73,335	7,241	64,885	-	-	-	-	-	-	-	145,461	154,710
Less: Funding of deficits	26,205	7,241	47,391	-	-	-	-	-	-	-	80,837	20,782
Balance - End of Year	47,130	-	17,494	-	-	-	-	-	-	-	64,624	133,928
Carpet Replacement Reserve (note 2)												
Balance - beginning of year	-	-	28,188	-	-	-	-	-	-	-	28,188	23,796
Add: Interest income for the year	-	-	2,824	-	-	-	-	-	-	-	2,824	4,392
Balance - end of year	-	-	31,012	-	-	-	-	-	-	-	31,012	28,188

Coopers & Lybrand

Saint John Non Profit Housing Incorporated

Statement of Changes in Financial Position
For the Year Ended December 31, 1991

	1991 $	1990 $
Operating Activities		
Net income (loss) for the year	(45,388)	11,295
Item not affecting cash -		
Depreciation	116,897	85,088
	71,509	96,383
Cash provided from (used in) non-cash operating items	(33,554)	274,869
Excess funds transferred to restricted cash	-	(23,579)
Transfer of subsidy surplus reserve funds	80,837	20,782
	118,792	368,455
Financing Activities		
Proceeds from issue of long-term debt		
Main & Rodney Street Project	990,740	-
Queen Street	-	500,000
Turnbull Place	-	83,511
Advances from (repayment to) City of Saint John		
Rodney Street	(226,077)	226,077
Main Street	(167,450)	167,450
Queen Street	-	(66,753)
Turnbull Place	(30,937)	51,751
Rotary Admiral Beatty	(32,164)	(18,410)
West Side Projects	(18,768)	-
Repayment of other long-term debt	(84,937)	(66,474)
	430,407	877,152
Investing Activities		
Purchase of fixed assets		
Queen Street	-	(409,663)
Main Street	(551,034)	(226,070)
Rodney Street	(40,682)	(172,958)
Turnbull Place	(24,612)	(136,742)
West Side Projects	18,768	(1,688)
Rotary Admiral Beatty	204	(204)
	(597,356)	(947,325)
Increase (Decrease) in Cash	(48,157)	298,282
Cash - Beginning of Year	414,076	115,794
Cash - End of Year	365,919	414,076

Coopers &Lybrand

Saint John Non Profit Housing Incorporated

Notes to Financial Statements
For the Year Ended December 31, 1991

1. Accounting Policy

Fixed Assets and Depreciation

Asset additions which are specifically identified as being part of the original project costs and are financed by long-term debt are capitalized. These assets are depreciated at amounts equal to the principal payments on the related long-term debt.

Other asset additions are charged to the appropriate replacement reserve fund to the extent that a reserve fund is available, excess additions are expensed in the year.

2. Restricted Cash and Deposits

Replacement Reserve Fund

The terms of an agreement with Canada Mortgage and Housing Corporation (C.M.H.C.) provide for transfers of $4,575 per year for Bicentennial Court (to a maximum of $45,750), the lesser of $25,000 and any operating surplus in the year for Harbourside (to a maximum of $422,000), $34,800 per year for Rotary Admiral Beatty (to a maximum of $348,000) and $7,000 per year for 46-56 St. James Street (to a maximum of $70,000), and the terms of an agreement with New Brunswick Housing Corporation (N.B.H.C.) provide for the transfer of $9,500 per year for South End Projects (to a maximum of $95,000), $8,500 per year for North End Projects (to a maximum of $85,000), $6,500 per year for West Side Projects (to a maximum of $65,000), $4,000 per year for Queen Street (to a maximum of $40,000) and $7,000 per year for Main and Rodney Street Projects (to a maximum of $70,000) to reserve funds for the future replacement of fixed assets. In accordance with options provided by C.M.H.C. and N.B.H.C. additional amounts of $109,574 in 1985 for Harbourside, $21,012 for South End Projects, $24,463 for 46-56 St. James Street in 1988, $53,491 in 1989 for North End Projects and $23,580 in 1990 for Queen Street have been transferred to the respective reserve funds. These special transfers represent amounts of mortgage financing received in excess of the capital cost of the projects and form part of the maximum transfers to the reserve funds. These funds, along with accumulated interest, must be held in a separate bank account and/or invested in government bonds or other such securities acceptable to C.M.H.C. and N.B.H.C. The funds in the account may only be used for the replacement of capital equipment.

	1991 $	1990 $
Rotary Admiral Beatty	223,552	170,914
Bicentennial Court	36,412	28,854
Harbourside	418,823	380,429
South End Projects	49,575	36,243
46-56 St. James Street	64,187	51,834
North End Projects	95,292	78,680
West Side Projects	16,776	9,232
Queen Street	32,561	26,070
Turnbull Court	6,348	51,351
Main & Rodney	4,309	-
Carried forward	947,835	833,607

Coopers & Lybrand

2. Restricted Cash and Deposits (cont'd)

	1991 $	1990 $
Brought forward	947,835	833,607
Subsidy Surplus Fund		
Under the terms of the agreement with Canada Mortgage and Housing Corporation (C.M.H.C.), excess federal assistance payments received may be retained in a subsidy surplus fund up to a maximum of $500 per unit plus interest thereon. The reserve is to be comprised of monies deposited in a special bank account and/or invested in government bonds or other such securities acceptable to C.M.H.C. The funds in this account may only be used to meet future subsidy requirements of income-tested occupants over and above the maximum federal assistance. The interest earned in the fund is to accrue and be maintained in the fund. The agreement provides that up to 10% of any operating surplus, after accumulating the maximum subsidy surplus fund, may be transferred to other projects assisted under this program that are owned by the recipient and require additional assistance.		
Bicentennial Court	-	6,660
Rotary Admiral Beatty	47,130	67,526
Harbourside	17,494	59,742
Carpet Replacement Reserve Fund	31,012	28,188
	1,043,471	995,723

3. Land, Buildings and Fixtures

	1991 $	1990 $
Cost		
Rotary Admiral Beatty (net of donations of $350,000 from the Rotary Club and $167,706 from the City of Saint John)	6,248,634	6,248,838
Bicentennial Court	1,011,539	1,011,539
Harbourside	4,814,011	4,814,011
South End Projects	1,551,538	1,551,538
46-56 St. James Street	650,553	650,553
North End Projects	1,023,509	1,023,509
West Side Projects	903,328	922,096
Queen Street	476,416	476,416
Rodney Street	266,752	226,070
Turnbull Place	161,354	136,742
Main Street	723,992	172,958
	17,831,626	17,234,270
Accumulated Depreciation	395,144	278,247
	17,436,482	16,956,023

4. Long-term Debt

	1991 $	1990 $
Metropolitan Trust Company of Canada, 11% mortgage payable in monthly instalments of $14,436 including interest, maturing December 1, 1992, amortized to December 1, 2022. This mortgage is secured by the assets of the South End Projects and a general assignment of rentals.	1,552,254	1,558,170
Bank of Nova Scotia, 11.5% mortgage payable in monthly instalments of $6,448 including interest maturing February 1, 1993, amortized to February 1, 2024. This mortgage is secured by St. James Complex, general assignment of rentals and a chattel mortgage on appliances.	667,654	669,888
CIBC Mortgage Corporation, 12% mortgage payable in monthly instalments of $10,691 including interest maturing January 1, 1994, amortized to January 1, 2024. This mortgage is secured by North End Projects.	1,069,324	1,072,190
Metropolitan Trust Company of Canada, 11.48% mortgage payable in monthly instalments of $8,599 including interest, maturing October 1, 1994, amortized to October 2024. This mortgage is secured by the assets of the West Side Project.	896,579	899,067
Royal Bank of Canada, 10.3% mortgage payable in monthly instalments of $43,250 including interest maturing August 1, 1994, amortized to August 2019. This mortgage is secured by the Harbourside complex.	4,826,179	4,856,724
Metropolitan Trust Company of Canada, 11.25% mortgage payable in monthly instalments of $4,683, including interest, maturing May 1, 1995. This mortgage is secured by the assets of the Queen Street Project.	497,902	499,269
Carried forward	9,509,892	9,555,308

4. Long-term Debt (cont'd)

	1991 $	1990 $
Brought forward	9,509,892	9,555,308
Royal Bank, 10.049% mortgage payable in monthly instalments of $8,415 including interest, maturing April 1, 1996, amortized to April 1, 2021. The interest rate is subsidized by C.M.H.C. to an effective rate of interest of 2%. This mortgage is secured by the assets of Bicentennial Court and a chattel mortgage on appliances.	967,811	-
Royal Bank, 10.049% mortgage payable in monthly instalments of $49,944 including interest, maturing April 1, 1996, amortized to April 1, 2021. The interest rate on this amount is subsidized by C.M.H.C. to an effective rate of interest of 2%. The mortgage is secured by the Rotary Admiral Beatty Complex.	5,746,678	-
Mutual Life Insurance Company, 12% mortgage payable in monthly instalments of $9,834 including interest, maturing June 1, 1996, amortized to June 1, 2026. This mortgage is secured by the assets of the Main and Rodney Street Project.	989,719	-
Monguard Investments Limited, 12 1/4% mortgage payable in monthly instalments of $9,954 including interest, maturing April 1, 1991, amortized to April 1, 2021. The interest rate is subsidized by C.M.H.C. to an effective rate of interest of 2%. This mortgage is secured by the assets of Bicentennial Court and a general assignment of rentals.	-	972,566
Canada Trust, 11 3/4% mortgage payable in monthly instalments of $57,231 including interest, maturing April 1, 1991, amortized to April 1, 2021. The interest rate on this amount is subsidized by C.M.H.C. to an effective rate of interest of 2%. The mortgage is secured by the Rotary Admiral Beatty Complex.	-	5,776,541
Carried forward	17,214,100	16,304,415

4. Long-term Debt (cont'd)

	1991 $	1990 $
Brought forward	17,214,100	16,304,415
C.M.H.C. 5 3/8%, mortgage payable in monthly instalments of $684, including interest, maturing June, 2005. This mortgage is secured by the assets of Turnbull Place.	79,325	83,207
City of Saint John, 13% loan payable in monthly instalments of $3,734 including interest, maturing June 1, 1999.	214,049	229,815
City of Saint John, 13% note payable in monthly instalments of $1,224, including interest, maturing July 1, 1998.	54,180	70,578
City of Saint John construction advances bearing interest at the City's current borrowing rate. Such advances are expected to be repaid as long term financing is arranged upon completion of each project.		
West Side Projects	-	18,768
Rodney Street	-	226,077
Turnbull Place	20,814	51,751
Main Street Project	-	167,450
Bicentennial Court Project	27,417	27,417
	17,609,885	17,179,478

Estimated principal repayments over each of the next five years are as follows:

	$
1992	122,962
1993	136,679
1994	154,822
1995	172,150
1996	190,888

5. Subsidy

Should the subsidy assistance paid in any fiscal year exceed the actual subsidy assistance required the amount of the subsidy assistance is adjusted accordingly.

The Market Square Corporation

1991 Financial Statements

FINANCIAL STATEMENTS

THE MARKET SQUARE CORPORATION

December 31, 1991

AUDITORS' REPORT

To the Directors of
The Market Square Corporation

We have audited the balance sheet of **The Market Square Corporation** as at December 31, 1991 and the statements of operations, contributed equity and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 1991 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting principles described in note 1 to the financial statements.

Ernst & Young

Saint John, Canada,
February 12, 1992.

Chartered Accountants

The Market Square Corporation

BALANCE SHEET

As at December 31

	1991 $	1990 $
ASSETS		
Fixed *[note 2]*	**56,474,708**	56,474,708
Cash	**36,662**	72,475
Certificates of deposit	**153,541**	—
Accounts receivable *[note 3]*	**218,638**	310,498
	56,883,549	56,857,681
LIABILITIES AND EQUITY		
Accounts payable and accrued liabilities *[note 4]*	**219,038**	157,612
Holdbacks payable	**3,128**	12,000
	222,166	169,612
Equity		
Capital		
Authorized in the amount of $1,000	**1,000**	1,000
Contributed equity	**56,660,383**	56,687,069
	56,661,383	56,688,069
	56,883,549	56,857,681

See accompanying notes

On behalf of the Board:

Director Director

The Market Square Corporation

STATEMENT OF OPERATIONS

Year ended December 31

	1991 $	1990 $
Revenue		
Management fees	75,554	115,303
Investment income	18,854	54,352
Rental income	27,500	27,500
	121,908	197,155
Expenses		
Salaries and benefits	193,959	168,690
Outside services	72,541	117,249
Insurance	15,377	16,605
Office supplies	18,031	16,320
Directors' fees	8,500	12,900
Maintenance	28,359	9,437
Travel and promotion	4,280	2,334
Miscellaneous	4,747	4,044
	345,794	347,579
Net operating expenses	223,886	150,424
Operating grant, City of Saint John	197,200	150,424
Net loss	26,686	—

See accompanying notes

The Market Square Corporation

STATEMENT OF CONTRIBUTED EQUITY

Year ended December 31

	1991 $	1990 $
Balance, beginning of year		
As originally reported	**56,665,695**	56,665,695
Recovery of prior year's expenditure *[note 7]*	**21,374**	21,374
As restated	**56,687,069**	56,687,069
Net loss	**26,686**	—
Balance, end of year	**56,660,383**	56,687,069

See accompanying notes

The Market Square Corporation

STATEMENT OF CASH FLOWS

Year ended December 31

	1991 $	1990 $
Cash provided by (used for)		
Operations		
Net loss	**(26,686)**	—
Changes in non-cash balances related to operations		
Accounts receivable	**91,860**	480,758
Accounts payable and accrued liabilities	**61,426**	(502,065)
Holdbacks payable	**(8,872)**	(115,844)
	144,414	(137,151)
Net increase (decrease) in cash and certificates of deposit	**117,728**	(137,151)
Cash and certificates of deposit, beginning of year	**72,475**	209,626
Cash and certificates of deposit, end of year	**190,203**	72,475

See accompanying notes

NOTES TO FINANCIAL STATEMENTS

December 31, 1991

1. SIGNIFICANT ACCOUNTING POLICIES

The company is incorporated under the laws of New Brunswick. The financial statements have been prepared by management in accordance with accounting principles, the more significant of which are outlined below.

Contributed equity

The Corporation was established to develop and promote the revitalization of the City Centre District.

It is responsible to oversee the public interest in the Market Square Project. The three levels of government agreed to fund, or make certain fixed contributions to the cost of this development, with the responsibilities for the amounts and extent of funding for each party outlined in the Master Agreement and amendments thereto. This funding is recorded in the accounts as contributed equity.

Pursuant to agreements with the City of Saint John and the Bi-Capitol Project Inc., the Corporation is responsible for managing the rehabilitation of the City Market and the Imperial Centre for the Performing Arts, and managing the design and construction of the Saint John Regional Exhibition Centre. Funding for these projects is being raised from the three levels of Government. As expenditures are incurred, they are recovered from the three levels of Government in accordance with various funding arrangements. Since the Corporation is acting only as manager, the capital expenditures are not reflected in these financial statements.

Capitalization policy

Fixed assets include all Market Square construction costs incurred by the Corporation in the performance of its work, construction contributions under the construction agreements, and all carrying costs such as interest, property taxes and operating expenses incurred by the Corporation to the completion of the various components.

The City of Saint John conveyed the Market Square land sites to the Corporation in trust, subject to the covenants and conditions set out in the agreements. The land is recorded in the accounts at the gross cost of acquisition and site preparation.

Grants

The City of Saint John provides an operating grant to the Corporation to a maximum of the net day to day operating expenses. This grant is recorded as revenue as operating expenses are incurred.

NOTES TO FINANCIAL STATEMENTS

December 31, 1991

1. SIGNIFICANT ACCOUNTING POLICIES [continued]

Depreciation

In common with municipal corporations, depreciation is not recorded on fixed assets.

Income Taxes

The Corporation is wholly-owned by the City of Saint John and as a result qualifies as a municipal corporation under the Income Tax Act. Accordingly, the Corporation is exempt from income taxes.

2. FIXED ASSETS

Fixed assets consist of the following:

	1991 $	1990 $
Land	6,485,214	6,485,214
Parking garage	11,772,463	11,772,463
Trade centre	8,757,007	8,757,007
Interior circulation space	8,495,370	8,495,370
Hotel	8,395,326	8,395,326
Library	6,688,798	6,688,798
Site containment	5,186,783	5,186,783
Residential park	366,028	366,028
Truck dock	201,073	201,073
Historic village	126,646	126,646
	56,474,708	56,474,708

The assets are held in trust and the Corporation's freehold interest is subject to the terms and conditions of a trust agreement. As such, the assets are encumbered until the expiry of the Market Square leases, at which time the assets will revert to the City of Saint John.

3. ACCOUNTS RECEIVABLE

Accounts receivable are comprised of the following:

	1991 $	1990 $
Trade	63,819	115,292
City of Saint John	131,462	111,497
Rehabilitation of the City Market	23,357	83,709
	218,638	310,498

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following:

	1991 $	1990 $
City of Saint John	138,817	55,867
Trade	27,857	27,508
Accrued liabilities	44,075	52,160
Rehabilitation of the City Market	8,289	22,077
	219,038	157,612

5. LEASE AND MANAGEMENT AGREEMENTS

The Central Building Complex is leased by the Corporation under a Head Lease which expires in 2049. Under the Head Lease, rent for the retail, commercial and office premises is on a percentage rent basis while basic rent is payable with respect to the hotel premises. There is no rent payable for the public sector components of the Central Building Complex.

The Bank of Nova Scotia Properties Inc. and Cadillac Fairview/JMB Properties acquired the leasehold interest in Market Square as tenants in common. The documents were completed in early February of 1991 and took effect January 1, 1991. They provide an option for extensions to the Head Lease.

The housing components are governed by separate agreements. The private sector housing is built in a freehold air space parcel and there is no rent payable by the public sector.

5. LEASE AND MANAGEMENT AGREEMENTS [continued]

Expenditures of $105,588 ($1,931,622 in 1990) were incurred by the Corporation and recovered in 1991 for the rehabilitation of the City Market. The Corporation also received a management fee of $5,261 ($96,589 in 1990) for its services provided during the year.

The Market Square Parking Facility is operated by Canpark Services Ltd. pursuant to a management agreement which expires in December 1994. Net revenues of $587,776 ($708,578 in 1990) were recorded by the Corporation and remitted to the City. In addition, the Corporation earned a management fee of $16,477 ($18,714 in 1990).

In December 1990 the Corporation and Bi-Capitol Project Inc. entered into an agreement for the Corporation to provide project management and other services related to the reconstruction of the Imperial Centre for the Performing Arts in Saint John. Over the term of the agreement the Corporation will earn a management fee not to exceed $350,000. During 1991, the Corporation earned a management fee of $41,068.

In September 1991, the Corporation assumed responsibility for supervision of the future design and construction administration of the Saint John Regional Exhibition Centre, at a fee equal to 1% of the capital cost, but not to exceed $150,000. During 1991, the Corporation earned a management fee of $12,748.

6. RENTAL INCOME

Promissory notes were accepted as payment on rental income on the hotel premises for the period April 1985 to March 1989. The settlement date for the promissory notes was June 29, 1990. The promissory notes are not reflected in the accounts and income will be reported on a cash basis upon receipt.

7. RECOVERY OF PRIOR YEAR'S EXPENDITURE

In 1989, the Corporation made an expenditure of $21,374 for winterization of the Imperial Centre for the Performing Arts. The expenditure was made in anticipation that the Corporation would be reimbursed when the Centre obtained appropriate funding. As a result of funding agreements that did provide for recovery of this expenditure, the amount was received in 1991.

The payment of the amount has been reflected as an adjustment to contributed equity. Accordingly, the previously reported opening balances for the years ended December 31, 1990 and 1991 have each been increased by $21,374.

Saint John Industrial Parks Ltd.

1991 Financial Statements

Saint John Industrial Parks Ltd.
Financial Statements
December 31, 1991

Doane Raymond
Chartered Accountants

Member firm of Grant Thornton

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Auditors' Report

To the Shareholders of
Saint John Industrial Parks Ltd.

We have audited the balance sheet of Saint John Industrial Parks Ltd. as at December 31, 1991 and the statements of earnings and retained earnings and changes in financial position for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at December 31, 1991 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Doane Raymond

Saint John, New Brunswick
August 17, 1992

Chartered Accountants

A member firm of Grant Thornton

Saint John Industrial Parks Ltd.
Statements of Earnings and Retained Earnings

Year Ended December 31	1991	1990
Income		
Interest	$ 7,216	$ 8,321
Expenses		
Grants		(3,525)
Legal and audit	456	305
Miscellaneous	229	232
	685	(2,988)
Net earnings	$ 6,531	$11,309
Retained earnings, beginning of year	$75,926	$64,617
Net earnings	6,531	11,309
Retained earnings, end of year	$82,457	$75,926

See accompanying notes to the financial statements.

Saint John Industrial Parks Ltd.
Balance Sheet

December 31	1991	1990
Assets		
Current		
Cash	$ 13,385	$ 2,948
Term deposit	70,000	70,000
Accounts receivable	13,000	
Interest receivable	3,777	5,428
	$100,162	$78,376
Liabilities		
Current		
Payable to Province of New Brunswick	$ 11,800	$
Accounts payable and accrued charges	505	450
	12,305	450
Shareholders' Equity		
Capital stock		
Authorized and issued		
1,000 common shares with par value of $1 each	1,000	1,000
Retained earnings	82,457	75,926
Reserve for future servicing and development (Note 1)	4,400	1,000
	87,857	77,926
	$100,162	$78,376

On behalf of the Board

_____ Director _____ Director

See accompanying notes to the financial statements.

Saint John Industrial Parks Ltd.
Statement of Changes in Financial Position
Year Ended December 31

	1991	1990
Cash derived from (applied to)		
Operating		
Net earnings	$ 6,531	$11,309
Changes in		
Accounts receivable	(13,000)	
Interest receivable	1,651	(920)
Payable to Province of New Brunswick	11,800	
Accounts payable and accrued charges	55	(3,570)
Reserve for future servicing and development	3,400	1,000
Net increase in cash	10,437	7,819
Cash and term deposit		
Beginning of year	72,948	65,129
End of year	$83,385	$72,948

See accompanying notes to the financial statements.

1. Reserve for future servicing and development	1991	1990
Balance, beginning of year	$1,000	$
Add		
Share of proceeds from sale of lots	2,400	
Proceeds from sale of options	1,000	1,000
Balance, end of year	$4,400	$1,000

Under an agreement with the Province of New Brunswick, the City of Saint John has agreed to assist in the management of certain industrial parks in the City owned by the Province and seek buyers for lots in these parks. The City of Saint John has appointed the company to carry out its obligations under this agreement. Under the terms of the agreement, the company must pay to the Province a specified amount out of the proceeds of each lot sold. The difference between the proceeds and the amount paid to the Province is to be retained by the company and expended for the further servicing and development of the parks.

2. Comparative figures

Certain of the comparative figures for 1990 have been reclassified to conform with the financial statement presentation adopted for 1991.

The City of Saint John Pension Fund

1991 Financial Statements

The City of Saint John
Pension Fund
Financial Statements
December 31, 1991

Doane Raymond

Chartered Accountants

A member firm of Grant Thornton

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Auditors' Report

To the Board of Trustees
The City of Saint John – Pension Fund

We have audited the statement of net assets available for benefits of The City of Saint John – Pension Fund as at December 31, 1991, and the statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the assets under the control of the Trustees of the Fund as at December 31, 1991, and the changes in its net assets available for benefits for the year then ended in accordance with generally accepted accounting principles.

Doane Raymond

Chartered Accountants

Saint John, New Brunswick
February 3, 1992

A member firm of Grant Thornton

The City of Saint John – Pension Fund
Statement of Net Assets Available for Benefits
December 31, 1991

	1991	1990
Cash and short term investments	$ 10,473,378	$ 8,130,008
Due (to) from The City of Saint John	(309,464)	184,018
Accrued interest and dividends	1,698,524	1,602,555
Investments, at market		
Bonds (cost 1991 – $48,413,078; 1990 – $43,642,991)	52,512,424	43,261,988
Stocks (cost 1991 – $43,248,960; 1990 – $42,061,503)	57,160,964	48,913,159
Mortgages	73,435	79,950
	$121,609,261	$102,171,678

On behalf of the Board

Trustee

Trustee

The City of Saint John – Pension Fund
Statement of Changes in Net Assets Available for Benefits
Year Ended December 31, 1991

	1991	1990
Increase in assets		
Contributions		
The City of Saint John	$ 2,582,479	$ 2,522,298
Employees	3,212,481	3,136,348
	5,794,960	5,658,646
Investment income		
Interest	5,698,073	5,692,951
Dividends	1,593,340	1,809,600
	7,291,413	7,502,551
Realized gain on sale of investments	1,243,378	71,324
Current period change in market values of investments	11,508,714	(7,290,430)
	25,838,465	5,942,091
Decrease in assets		
Pensions paid	5,929,128	5,525,185
Contributions and interest refunded to participants	156,886	154,514
Administrative expenses (Page 6)	314,868	309,474
	6,400,882	5,989,173
Net increase (decrease) in net assets available for benefits	$ 19,437,583	$ (47,082)
Net assets available for benefits, beginning of year	$102,171,678	$102,218,760
Net increase (decrease) in net assets available for benefits	19,437,583	(47,082)
Net assets available for benefits, end of year	$121,609,261	$102,171,678

1. Summary of significant accounting policies

Basis of presentation
These financial statements show only the position of the assets under the control of the Trustees, and do not purport to show the adequacy of the Fund to meet the obligations of the Pension Plan.

Basis of accounting
The accounts of the Fund are maintained on the accrual basis of accounting. Accordingly, dividend and interest income is accounted for as earned rather than when received.

Basis of valuation of investment assets
Investments are stated at market value.

2. Plan summary

The Pension Fund is the accumulation of assets used to fund pensions under the City of Saint John Pension Act, 1970. The Act is administered by a Board of Trustees representing Common Council, management, unionized employees, non-unionized employees and retired employees.

The Plan provides for pensions on the defined benefit basis, as well as providing disability allowances for those members who become disabled. Employees terminating without a pension or disability allowance receive a refund of their contributions plus interest at 6%.

The Plan is funded by employee contributions of 8 1/2% of annual salary and employer contributions of 6% of annual salary plus 1 1/2% of any annual salary in excess of maximum pensionable earnings for Canada Pension Plan purposes. In addition, the City pays $135,000 annually into the Fund until 1997.

The assets of the Plan are held by the Royal Trust Corporation of Canada which acts as custodian of the Plan. The assets of the Plan are managed by Jarislowsky, Fraser & Company Ltd. who have discretionary investment authority. The performance of the Fund relative to others is measured on a regular basis by SEI Limited.

3. Actuarial valuation

Eastern Canada Consulting Services Ltd. conducted an actuarial valuation of the Fund as of December 31, 1986. The valuation indicated that the present value of accumulated plan benefits was $125,249,000 and the net assets available to provide benefits, at adjusted market values, were $118,229,000 as of December 31, 1986. The actuary recommended that the resulting unfunded liability of $7,020,000 be liquidated by annual payments of not less than $764,000 over a period not to exceed fifteen years.

The significant actuarial assumptions adopted for purposes of the report were as follows:

a) A long term real rate of investment return (i.e. the difference between the actual rate of return and inflation) of 3.5% per annum.

b) A differential of 1.5% between long term investment rates of return and the future rate of salary increases.

c) 6% increase in yearly maximum pensionable earnings.

d) Assumed retirement age of 60 years.

e) Assets adjusted to market values as follows:

   1) Fixed income assets at market value
   2) Common stocks on the basis of market value less a reserve against future fluctuations equivalent to 20% of the excess of market value over book value.

The valuation method adopted was the "projected benefit method" under which the liabilities include those in respect of benefits for service already rendered, as well as those for future services expected to be rendered by present members of the plan. Similarly, assets include those presently held, as well as the present value of future normal employee and employer contributions.

Eastern Canada Consulting Services Ltd. conducted an intervaluation estimate as of December 31, 1987. The intervaluation indicated that the unfunded liability at December 31, 1987 was $11,387,000. The increase from the estimate as of December 31, 1986 is due to the following factors:

Investment return being less than anticipated
Increase in disability retirements
Interest on unfunded amount as at December 31, 1986

The Board of Trustees has engaged Eastern Canada Consulting Services Ltd. to conduct a valuation of the plan as of December 31, 1991. As of February 3, 1992, the valuation has not been completed.

The City of Saint John – Pension Fund
Schedule of Administrative Expenses
December 31, 1991

	1991	1990
Investment management fees	$190,167	$168,742
Custodian fees	50,510	47,695
Actuarial and consulting services	26,342	14,497
Performance measurement services	6,741	5,900
Legal fees	20,390	35,743
Audit fees	8,633	7,675
Conference and seminar expenses	8,282	24,546
Medical fees	2,484	3,270
Miscellaneous	1,319	1,406
	$314,868	$309,474